ON THE COVER

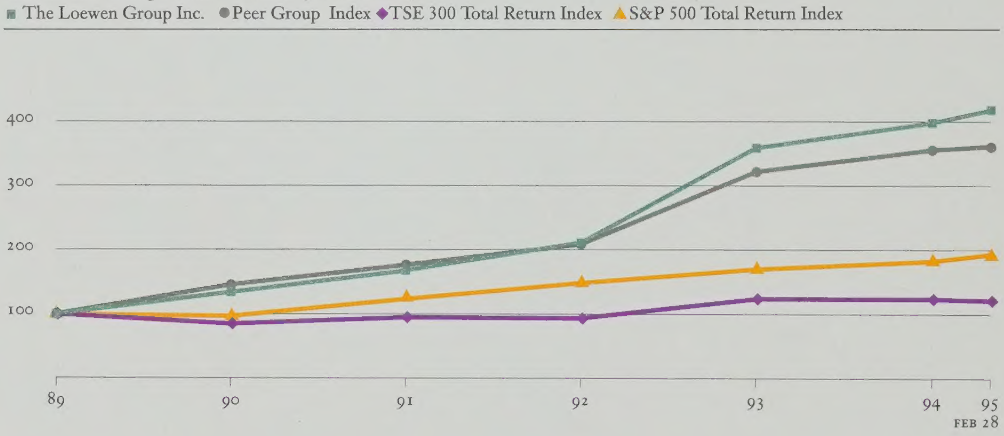
Inspiration is woven into every Robb Dunfield piece. His painting of Canuck Place, North America's first free-standing hospice for children, is no exception. Robb, a quadriplegic, spent nearly three months using a rubber-tipped paintbrush and mouth-painting technique to capture the building on canvas. Today, a limited edition print of Robb Dunfield's "Canuck Place" is proudly displayed in The Loewen Group Inc.'s home office in Burnaby, British Columbia.

The Loewen Group Inc. is the largest funeral service corporation in Canada and the second largest in North America. The Company currently employs more than 7,000 people and owns and operates 684 funeral homes and 149 cemeteries across North America. The Company strives to maintain a balance between people concerns and financial disciplines. The Company supports hospice care for children through its charitable organization – The Loewen Children's Foundation – and is grateful to be able to assist children and their families through its association with Canuck Place and Children's Hospice International.

Another record year for consolidation of both funeral homes and cemeteries has resulted in our highest ever levels of revenue, net earnings, earnings per share and total assets.

COMPARISON *of* CUMULATIVE TOTAL RETURN

Calendar Year Ending December 31 (value of $100 invested)



As this graph clearly illustrates, $100 invested in The Loewen Group shares on January 1, 1990 would today be worth over $400. Since its inception, The Loewen Group's value to its shareholders has increased dramatically, significantly outperforming its peer group index, the TSE 300 Total Return Index and Standard & Poors 500 Total Return Index.

HIGHLIGHTS

Years ended December 31, 1994 and 1993
Monetary amounts expressed in thousands of U.S. dollars, except per share statistics

	1994	*1993*	*Increase %*
Revenue	$ 417,479	$ 303,011	37.8
Net Earnings	$ 38,494	$ 28,182	36.6
Earnings per Common Share *(fully diluted)*	$ 0.97	$ 0.76	27.6
Weighted Average Number of Shares *(in thousands)*	39,701	36,553	8.6
Total Assets	$1,115,736	$ 738,445	51.1
Long-term Debt	$ 516,654	$ 341,977	51.1
Shareholders' Equity	$ 411,139	$ 325,890	26.2
Common Share Price at Year-end			
Toronto Stock Exchange *($Cdn.)*	$ 36.75	$ 33.25	10.5
Nasdaq National Market	$ 26.50	$ 25.38	4.4
Dividend per Common Share	$ 0.070	$ 0.045	55.6
Funeral Homes	641	533	20.3
Funeral Services	94,000	79,000	19.0
Cemeteries	116	70	65.7
Interments	17,000	8,000	112.5
Funeral Home/Cemetery Combination Properties (included in number of funeral homes and cemeteries)	26	15	73.3
Employees	7,097	5,351	32.6

REPORT *to the* SHAREHOLDERS

NINETEEN NINETY FOUR WAS A TREMENDOUS YEAR FOR THE LOEWEN GROUP. We added 163 locations to our Company and achieved record revenue and profit levels. We also expanded the possibilities of our vision for The Loewen Children's Foundation and are pleased to provide you with an update on the Foundation's activities in this report.

Our Company attained revenues of \$417.5 million, an increase of 37.8% over the previous year's revenues of \$303 million. Net earnings rose 36.6% to \$38.5 million from \$28.2 million. Fully diluted earnings per share increased 27.6% to \$0.97 per share from \$0.76 per share. Our funeral home margins increased over 1% to 40.5% from 39.4% in 1993. With our extensive business and shareholding growth in the United States, we now report in United States dollars.

Nineteen ninety-four featured a significant growth in revenue from our cemetery operations. Cemetery revenues increased 128% to \$63.6 million in 1994 from \$27.9 million the previous year and cemetery margins improved to 24.5% from 24.3% in 1993. Over the past two years, we have added 18 new cemetery/funeral home combination properties to our Company for a total of 26 at December 31, 1994.

The year's highlights included an issue of two million Common shares for a total of \$48.3 million, and an offering of \$75 million of Cumulative Monthly Income Preferred Securities in the United States. We purchased 27% of the Class A voting shares and 25% of the Class B non-voting shares of Arbor Memorial Services Inc., a first-class company which owns some of the premier cemetery and funeral home properties in Canada. We introduced a Management Equity Investment Plan (MEIP) that has garnered much enthusiasm both internally and externally. The MEIP provided the Company with a cost-effective financing program while providing approximately 25 key employees with a long-term incentive plan that links their compensation to shareholder value.

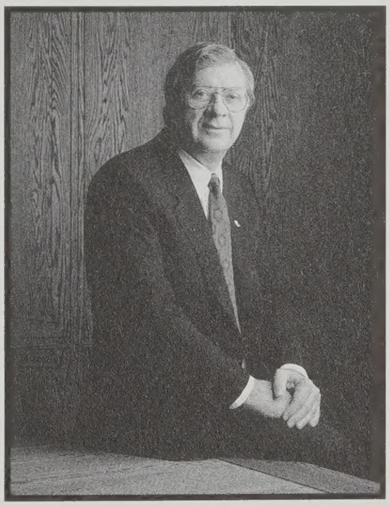
The share value of Loewen Group Common stock closed at \$26.50 (\$Cdn. 36.75) at year-end and subsequently closed at an all-time high of \$29.13 (\$Cdn. 40.75) on February 17, 1995.

During 1994, we acquired $331.2 million of funeral home and cemetery assets primarily through the purchase of 110 funeral homes and 46 cemeteries, the construction of seven new properties and the acquisition of a 26% interest in Arbor Memorial Services Inc. Since December 31, 1994, the Company has expended or committed to the expenditure of approximately $192 million on the purchase of 85 funeral homes and 39 cemeteries.

On March 17, 1995 we were pleased to welcome the management and staff of Philadelphia based Osiris Holding Corporation to our Company. Osiris operates 22 cemeteries, four funeral home/cemetery combinations and one funeral home in 11 states. Osiris founding principals, Larry Miller and Bill Shane, have been appointed president of the cemetery/combination division and senior vice-president and chief financial officer of the cemetery/combination division, respectively. Osiris is a premier cemetery company whose respected management team will significantly enhance our cemetery operations.

We are proud of the continuing acceptance of our succession planning program which serves funeral home and cemetery owners across North America. Those in funeral service have enthusiastically embraced our philosophy of honoring the heritage and the culture of families who have provided outstanding service to their communities over successive generations.

I'd like to take this opportunity to welcome those of you who joined our Company during 1994. The Loewen Group currently employs more than 7,000 people at over 800 locations across North America. Our people have a common philosophy – a belief that we have a social responsibility both to the families we serve and, in a broader sense, to society in general. We believe in making a contribution to the communities we serve.



RAYMOND L. LOEWEN
Chairman of the Board
and Chief Executive Officer

One of the projects we're most proud of is The Loewen Children's Foundation, dedicated to providing resources to aid in the development and support of hospice programs for children across North America and assisting bereaved families.

The Foundation's initial effort is as one of three founding sponsors of Canuck Place – North America's first free-standing hospice for terminally-ill children. Our role includes that of founding patron of a bereavement care program, the structure and depth of which will set standards for bereavement support across North America.

Canuck Place is scheduled to open in 1995. I'd like to acknowledge all the people in our Company who have supported the Foundation's work with the hospice and encourage everyone to continue to participate in the project.

During 1994, we began to explore other avenues for fulfilling the Foundation's mandate. As a result, we are forming a working relationship with Children's Hospice International (CHI) and will assist this group to develop and provide its services across North America.

Children's Hospice International is a non-profit organization that provides resources and referrals for families of children facing life-threatening illness. The organization also provides education, training and technical assistance to health care providers. We are grateful for the opportunity to assist CHI in their ongoing efforts to serve children and their families.

I'd like to thank the employees of The Loewen Group, our shareholders and members of the board for the support, direction and hard work that enables us to continue to provide service to the public and leadership in our profession.

On behalf of Management and the Board of Directors,

R.L. Loewen

Chairman of the Board and Chief Executive Officer
March 17, 1995

Like sandpipers

along the shore,

living between the sea

and the sand,

a hospice lives and

cares in between.

CHILDREN WITH LIFE-THREATENING ILLNESSES NEED PHYSICAL, EMOTIONAL AND SPIRITUAL SUPPORT. SO DO THEIR FAMILIES. THE LOEWEN CHILDREN'S FOUNDATION IS DEDICATED TO PROMOTING CHILDREN'S HOSPICE PROGRAMS WHICH PROVIDE COMFORT, CARE AND QUALITY OF LIFE.

Between sparing feelings

and speaking truth,

between hanging on

and letting go,

between our suffering

and our comfort,

between who we are

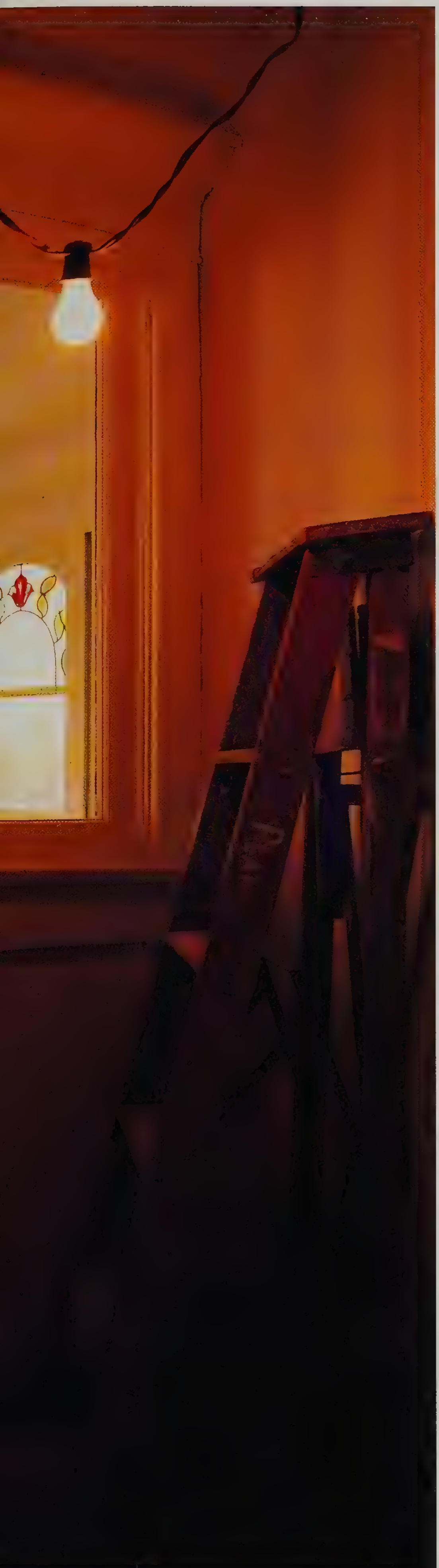
and what we become,

between what we touch

and what is beyond,

between the tide of today

and tomorrow.



A wise person once said a rainbow is a promise waiting to happen. Brenda Eng's rainbow is Canuck Place, North America's first free-standing hospice for terminally-ill children. ❧ *England's Helen House, established in 1982, was the world's first hospice for children. Brenda, a pediatric oncology nurse at British Columbia's Children's Hospital, was so inspired during a visit to Helen House that when she returned to Vancouver she and other caregivers formed a society called HUGS – short for Human Understanding, Growth and Sharing.* ❧ *They began to assemble the building-blocks for Canuck Place. The Loewen Group became a founding sponsor, giving full support to Brenda's dream by committing $250,000 to create a bereavement care program and a resource library.* ❧ *The Company will make an annual contribution of $50,000 to fund the program's operation and $20,000 to assist Canuck Place families requiring financial support for funeral services. The assistance fund will be allocated at the discretion of Canuck Place so families may access services at a funeral home of their choice.* ❧ *Support of Canuck Place has become a company-wide effort. At the Company's home office in Burnaby, B.C. employees sponsor a weekly fund-raising event for Canuck Place. Letters to The Loewen Group from across North America ask for help in establishing similar programs in other communities.* ❧ *The Loewen Children's Foundation was formed to coordinate these charitable efforts and to assist in the development and support of other children's hospice programs.*

Anne Loewen, Member of the HUGS Board, and Dr. Gordon How, Executive Director of Canuck Place, visit the turn-of-the century mansion which will house the hospice. When extensive renovations are complete later this year, Canuck Place will provide eight rooms for children and two suites for families, in addition to play areas, a family room, counseling and training areas, a bereavement resource center and other facilities. Designers are creating a Children's Garden just outside the building.

It was inevitable that The Loewen Children's Foundation, with fresh energy to contribute to the cause, would find Children's Hospice International, a Washington, D.C. group which has worked tirelessly on behalf of hospice care for children for more than a dozen years.

Children's Hospice International (CHI) was founded by Ann Armstrong-Dailey in 1983 after a friend asked her help in searching out care for a terminally-ill child. Despite Ann's efforts, eight-year old Christopher was denied hospice support because such programs were virtually unheard of for children, though they existed in relative abundance for adults. ❧ Christopher's tragedy spurred Ann to champion the crusade for children's hospice care. Today, 447 programs accept children as patients compared to only four when CHI was founded. ❧ A non-profit organization, CHI provides resources and referrals for families of terminally-ill children and education, training and technical assistance to health care providers. ❧ The organization promotes hospice support through pediatric care facilities and encourages existing and developing hospice and home care programs to include children. ❧ Children's Hospice International and The Loewen Children's Foundation are exploring ways to work together to expand the level of care to children and their families.

Ann Armstrong-Dailey, Founder of Children's Hospice International, and Mary Andres, Executive Director of The Loewen Children's Foundation, attended the first annual Wheel of Hope, a benefit for Children's Hospice International, at the French Embassy in Washington, D.C. Shown in the background is Ipousteguy's gilded statue *A la lumier de chacun* which, translated literally, means 'Dedicated to Everyone's Insight'.

During 1994, The Loewen Group Inc.
made great strides in its efforts to promote hospice care for children through its registered charity – The Loewen Children's Foundation.
The Foundation, through the support of Loewen group employees, associates, partners, and in memoriam donations, will work alongside like-minded individuals and organizations to further the cause of quality hospice care for children across North America.

OPERATIONAL HIGHLIGHTS

Tim Hogenkamp
President and Chief Operating Officer

Bruce Watson
Executive Vice-President

Paul Wagler
Senior Vice-President, Finance and Chief Financial Officer

Bob Wienke
Senior Vice-President, Law and General Counsel

During 1994, The Loewen Group Inc:

Achieved, at year-end, the 26th consecutive quarterly year-over-year earnings increase;

Completed a record year for acquisitions with the acquisition of $331.2 million of cemetery and funeral home assets through the purchase of 110 funeral homes and 46 cemeteries, the construction of seven new properties and the acquisition of a 26% interest in Arbor Memorial Services Inc.;

Continued to acquire premier cemetery properties and, in 1994, provided 17,000 interments, representing a 113% increase over 1993;

Closed the year with 641 funeral homes and 116 cemeteries across North America;

Saw an increase in the Company's Common stock to 13 times the initial issue price;

Introduced a Management Equity Investment Plan which provided the Company with a cost-effective financing program of $127.4 million while providing approximately 25 key employees with a long-term performance incentive;

Provided 94,000 funeral services;

Continued to increase the annual aggregate cash dividend by approximately 50%;

Issued $75 million of Cumulative Monthly Income Preferred Securities (MIPS) in the United States. The MIPS are listed on the New York Stock Exchange through Loewen Group Capital, L.P. under the symbol LWNPR;

Issued 2,000,000 Common shares for gross proceeds of $48.3 million;

Increased participation in the Sharing The Vision program. The Company continues to encourage employee ownership through an employee share purchase program, stock option program and through Sharing the Vision;

Began reporting primary financial results in United States dollars and will file its first Form 10-K with the Securities and Exchange Commission for the year ended December 31, 1994;

Achieved compound annual growth rates of 53% in revenues, 60% in net earnings and 33% in earnings per share over the seven years since becoming a public company;

Exceeded the average expectations of analysts providing research reports on the Company.

(All figures in United States dollars)

OPERATIONS REVIEW

Regional Partners

The Loewen Group Inc. is a corporation which facilitates the transition of ownership and management of funeral homes and cemeteries from one generation to the next.

Many of the over 800 firms that today constitute The Loewen Group were family businesses with long histories of service in their communities. The Company provides succession planning services to family-owned funeral homes and works with these families to ensure local communities continue to receive caring, professional funeral service.

Certain family firms qualify to participate in the Company's regional partnership program. Larger funeral service firms usually have several principals, one of whom is often interested in growing the Company into a much larger concern. The Loewen Group encourages such candidates to retain an ownership interest in the business and gives them the opportunity to continue to serve the succession planning needs of other funeral home and cemetery owners within the region.

The regional partner is often invited to become a regional manager for the area and, in this capacity, ensures a smooth integration of new firms into the Company and continues to oversee management of the locations within the region.

This highly effective system for recruiting, integrating and managing operations has served The Loewen Group well. Over the years, the Company has established 17 regional partnerships across North America.

Operations Management

Funeral home and cemetery managers are responsible for the decisions which affect their firms. Their network of support includes a regional manager, divisional vice-president, and a team of professionals from various disciplines at the Company's home offices in Burnaby, British Columbia and Cincinnati, Ohio.

The Company provides accounting services, assistance with advertising and public relations, educational workshops, and assistance in complying with governmental regulations such as those mandated by the Federal Trade Commission, Occupational Health and Safety Administration, and Americans with Disabilities Act.

The Company supports local management's efforts to serve their communities by developing and assisting with the implementation of special service programs. The Loewen Group developed a *Celebration of Life* program which offers client families alternatives to traditional funeral services. A *Special Needs* program provides for families unable to pay for a funeral service. A *Professional Service Guarantee* ensures families are satisfied with the services locations have provided or refunds money paid for those services. The Company also offers an employee share ownership program, called *Sharing the Vision*, which gifts all full-time and eligible part-time employees with five shares each of Loewen Group Common stock.

Advanced Planning Services

During 1994, the Company continued to develop its focus on providing families with advanced planning services. Through the year, we helped approximately 24,000 people arrange funeral services in advance of need. All our locations are able to serve requests for advanced planning services, though not all The Loewen Group locations require a competitive advanced planning program.

Information Systems

A sophisticated management information system is an important consideration in managing such a regionally diverse company. The Loewen Group Inc. is nearing completion of the installation of a new management information system in its United States based funeral homes and plans to install similar systems in its cemetery operations, Canadian funeral homes, advanced planning services and trust fund administration. The system is extremely valuable as an operational support providing locations with another tool for their service to families.

MANAGEMENT'S DISCUSSION *and* ANALYSIS

All figures in United States dollars unless otherwise indicated.

OVERVIEW

Nineteen ninety-four was another record year of growth for The Loewen Group Inc. The Company acquired $290.9 million of funeral home and cemetery assets, ending the year with 641 funeral homes and 116 cemeteries located throughout North America. The Company is known within the industry for its commitment to balancing people and service concerns with stringent fiscal controls, a bottom-up approach to management, and attention to employee morale, all of which have contributed to the increasing number of funeral home and cemetery owners choosing to join The Loewen Group.

The Company continued to expand its United States presence in 1994 by purchasing 105 funeral homes and 46 cemeteries in the United States. The Company also acquired a 26% interest in Arbor Memorial Services Inc., a large public Canadian cemetery and funeral home operator, for $26.3 million. In 1994, the Company invested $21.9 million in the construction and development of funeral homes and cemeteries, of which five funeral homes and two cemeteries began operations in 1994. Eight additional funeral homes were being planned or under construction at year-end.

During 1994, consolidated revenue and earnings grew by 37.8% and 36.6%, respectively, as compared to 1993 results. The Company provided 94,000 funeral services and 17,000 interments in 1994. In addition, the Company assisted approximately 24,000 families in the "pre-need" planning of a funeral where the Company will perform services in the future.

The Company experienced a significant increase in share ownership by United States residents during 1994. At December 31, 1994, 52% of the outstanding Common shares were held by shareholders of record resident in the United States. The Company began reporting in United States dollars in 1994 but will continue to report its primary financial results in accordance with Canadian generally accepted accounting principles. A reconciliation of the Company's reported financial results to United States generally accepted accounting principles is contained in Note 21 of the Company's 1994 consolidated financial statements.

The Company has had 26 consecutive quarters where net earnings exceeded those of the same quarter in the previous year. Management believes that The Loewen Group's established reputation in the funeral service profession will continue to provide the flow of acquisition opportunities that are a key component of the Company's growth strategy.

RESULTS *of* OPERATIONS

The Company's operations are directly affected by the level of recent acquisitions and the improvement in performance of established operations. Detailed below for the last three years are the Company's operating results expressed in dollar amounts as well as relevant percentages. Revenue, gross margin data and expenses other than income taxes are presented as a percentage of revenue. Income taxes are presented as a percentage of earnings before income taxes.

Operating Results

(dollars in millions)	*1994*		*1993*		*1992*	
REVENUE						
Funeral	$ 353.9	*84.8%*	$ 275.1	*90.8%*	$ 202.7	*92.6%*
Cemetery	63.6	*15.2*	27.9	*9.2*	16.2	*7.4*
Total	$ 417.5	*100.0%*	$ 303.0	*100.0%*	$ 218.9	*100.0%*
GROSS MARGIN						
Funeral	$ 143.4	*40.5%*	$ 108.3	*39.4%*	$ 79.7	*39.3%*
Cemetery	15.6	*24.5*	6.8	*24.3*	4.0	*24.8*
Total	159.0	*38.1*	115.1	*38.0*	83.7	*38.2*
EXPENSES						
General and administrative	35.4	*8.5*	26.9	*8.9*	18.0	*8.2*
Depreciation and amortization	29.0	*6.9*	21.2	*7.0*	16.1	*7.3*
EARNINGS FROM OPERATIONS	94.6	*22.7*	67.0	*22.1*	49.6	*22.7*
Interest on long-term debt	34.2	*8.2*	21.8	*7.2*	19.0	*8.7*
Other (income) expense	(0.5)	—	1.3	—	(0.9)	—
Dividends on preferred securities of subsidiary	2.7	*0.6*	—	—	—	
Income taxes	19.7	*33.8*	15.7	*35.8*	11.7	*37.2*
NET EARNINGS	$ 38.5	*9.2%*	$ 28.2	*9.3%*	$ 19.8	*9.0%*

Year Ended December 31, 1994 Compared to 1993

For financial reporting purposes, the Company's operations consist of both funeral and cemetery segments.

Consolidated revenue increased 37.8% to $417.5 million in 1994 from $303.0 million in 1993, with funeral revenue increasing 28.6% and cemetery revenue increasing 127.8%. Consolidated gross profit increased 38.1% to $159.0 million in 1994 from $115.1 million in 1993, with funeral gross profit increasing 32.4% and cemetery gross profit increasing 129.2%. As a percentage of revenue, consolidated gross profit increased to 38.1% in 1994 from 38.0% in 1993, with funeral gross margin increasing to 40.5% in 1994 from 39.4% in 1993 and cemetery gross margin increasing to 24.5% in 1994 from 24.3% in 1993.

The funeral revenue from locations in operation for all of 1993 and 1994 increased $14.6 million, assisted by the implementation of merchandising programs and inflation based price increases. Related costs increased $6.8 million. Funeral gross margin of locations in operation for all of 1993 and 1994 increased to 40.5% in 1994 from 39.8% in 1993. The inclusion of a full year's results from locations acquired and constructed in 1993 generated an additional $25.5 million of funeral revenue in 1994. It is anticipated that the inclusion of a full year's revenue from acquisitions completed in 1994 will contribute an additional $40.6 million of funeral revenue in 1995.

Cemetery revenues increased to $63.6 million in 1994 from $27.9 million in 1993, primarily due to acquisitions. Cemetery gross margins increased to 24.5% in 1994 from 24.3% in 1993. Through the Company's integration process, newly acquired cemetery operations should continue to show an improvement in gross margins as the Company increases sales opportunities and achieves operating efficiencies.

United States based operations contributed 88.4% of 1994 consolidated revenue compared with 84.9% in 1993. On an annualized basis, more than 90% of the Company's revenue is now generated in the United States, a trend that is expected to continue.

Although general and administrative expenses in 1994 increased by $8.5 million, they decreased to 8.5% of consolidated revenue from 8.9% of consolidated revenue in 1993. Future acquisitions of funeral homes and cemeteries will require additional general and administrative expenses to ensure appropriate management structures and operational support are in place. However, general and administrative expenses as a percentage of consolidated revenue are not expected to increase. Ongoing covenant not to compete payments included in general and administrative expenses increased to 2.2% of revenue in 1994 from 2.1% in 1993.

Interest expense on long-term debt increased by $12.4 million, primarily as a result of additional borrowings by the Company to finance its acquisitions and capital expenditures.

On August 15, 1994, Loewen Group Capital, L.P. ("LGC") issued $75.0 million of 9.45% Cumulative Monthly Income Preferred Securities ("MIPS"). LGC, a limited partnership of which a subsidiary of the Company is the general partner, is considered a subsidiary for financial reporting purposes. The structure of the transaction allows the Company to make tax deductible interest payments that are then distributed to holders of the MIPS through monthly dividends. Note 9 of the Company's 1994 consolidated financial statements describes the MIPS in more detail.

Income taxes were $19.7 million in 1994, resulting in an effective tax rate of 33.9% compared to $15.7 million in 1993, and an effective tax rate of 35.8%. The decrease in the effective tax rate in 1994 was due to the expansion of the Company's international financing arrangements and several one-time tax savings realized because of the deduction for goodwill permitted by the Revenue Reconciliation Act of 1993.

Net earnings increased 36.6% to $38.5 million in 1994 from $28.2 million in 1993 due to higher revenue noted above coupled with reduced operating expenses as a percentage of revenue. Fully diluted earnings per share increased 27.6% to $0.97 per share from $0.76 per share.

Year Ended 1993 Compared to 1992

Consolidated revenue increased 38.4% to $303.0 million in 1993 from $218.9 million in 1992, with funeral revenue increasing 35.7% and cemetery revenue increasing 72.7%. Gross profit increased 37.5% to $115.1 million in 1993 from $83.7 million in 1992, with funeral gross profit increasing 35.9% and cemetery gross profit increasing 69.7%. As a percentage of revenue, consolidated gross profit decreased slightly to 38.0% in 1993 from 38.2% in 1992, with funeral gross margin increasing to 39.4% in 1993 from 39.3% in 1992 and cemetery gross margin decreasing to 24.3% in 1993 from 24.8% in 1992.

The funeral revenue from locations in operation for all of 1992 and 1993 increased $19.1 million, assisted by the implementation of merchandising programs and inflation based price increases. Related costs increased $11.5 million due primarily to the implementation of performance based bonus programs for all regional and location managers. The funeral gross margin of locations in operation for all of 1992 and 1993 was 39.9% for both 1992 and 1993. The inclusion of a full year's revenues from locations acquired or constructed in 1992 generated an additional $30.0 million of funeral revenue in 1993.

Cemetery revenues increased to $27.9 million in 1993 from $16.2 million in 1992 due primarily to acquisitions. Cemetery gross margin decreased to 24.3% in 1993 from 24.8% in 1992 as a result of the acquisition of 33 cemeteries, including some large properties acquired in the last quarter, which increased the number of cemeteries owned at December 31, 1993 to 70.

General and administrative expenses in 1993 increased $8.9 million to 8.9% of consolidated revenue from 8.2% of consolidated revenue in 1992. Ongoing covenant not to compete payments included in general and administrative expenses increased to 2.1% of revenue in 1993 from 1.9% in 1992.

Interest expense increased by $2.7 million as lower short-term interest rates in 1993 helped to offset the interest on additional amounts borrowed by the Company.

Income taxes were $15.7 million in 1993, an effective tax rate of 35.8%, compared to $11.7 million in 1992, an effective tax rate of 37.2%. The increasing proportion of operations in the United States and the expansion of the Company's international financing arrangements contributed to this decrease.

Net earnings increased 42.6% to $28.2 million in 1993 from $19.8 million in 1992. Fully diluted earnings per share increased 31.0% to $0.76 per share from $0.58 per share.

GROWTH STRATEGY

Management intends to increase the Company's earnings per share through a strategy of combining revenue and margin growth at existing locations with growth through the acquisition of additional funeral homes and cemeteries.

Through the Company's integration process, newly acquired funeral homes usually show an improvement in gross margins over time as they achieve operating efficiencies, introduce additional merchandising and cost control programs, and implement inflation-based price increases. Even with a record acquisition year in 1994, the continued integration and growth of the Company's base of existing operations contributed to funeral home gross margins increasing to 40.5% from 39.4% in 1993.

The Company also believes that newly acquired cemeteries will show an improvement in gross margins over time. Cemetery operations are predominantly sales driven with a steady at-need revenue base and management believes that gross margins will increase as revenues are enhanced through improved sales efforts and cost efficiencies are achieved.

The Company has identified four distinct acquisition segments. The first segment is the international marketplace in which particular attention has been focused on several large funeral home groups. The Company, along with its primary competitors, has closely examined opportunities in Australia, Mexico, Great Britain and Europe. To date, management believes better opportunities exist in the United States and Canada. The Company acquired one small funeral home in Mexico during 1994. The effect of fluctuations in the exchange rate between the U.S. dollar and the Mexican peso on the one Mexican operation is immaterial to the Company's consolidated results.

The second distinct acquisition segment consists predominantly of large, multi-location urban properties, sometimes referred to as strategic acquisitions, which are pursued aggressively by all industry consolidators. Notwithstanding that competition has increased prices over the past few years, the Company has been successful in this market while maintaining its financial disciplines. The Company seeks strategic acquisitions which, in addition to their own integration benefits, enhance the Company's opportunities to acquire family funeral homes and cemetery properties in established or new regions, thus contributing to the Company's long-term growth. The Company intends to continue to be competitive and to acquire those strategic opportunities which are priced appropriately and meet geographic growth objectives.

The third distinct segment comprises large cemetery properties, particularly those on which a funeral home may be built. These are sought by all industry consolidators and as a result, pricing to date has been similar to that for strategic acquisitions of funeral homes. The Company's significant increase in cemetery revenues over the past two years is partly attributed to the acquisition of a large number of these properties. The Company will continue to seek large cemetery properties that meet its criteria.

The fourth distinct acquisition segment is traditional family funeral homes and cemeteries. Owners of these funeral homes and cemeteries are often seeking the succession planning options offered by the Company. After acquisition, the owner typically will continue working at the location and will manage the operation with the additional economies of scale, marketing expertise and resources available from The Loewen Group. These funeral homes tend to be suburban or rural with volumes averaging approximately 150 funeral services annually. The price for these acquisitions has not changed significantly over the past seven years. Because of the Company's well known and understood reputation for honoring the existing owner and staff, management believes that the Company has a competitive advantage in this market. The increasing number of strategic acquisitions completed over the past two years has allowed the number of traditional family funeral homes and cemeteries acquired to increase, resulting in assets acquired of approximately $120 million in 1994 compared with $100 million in 1993 and $80 million in 1992. Management believes that in light of current trends, the Company could complete approximately $150 million of these acquisitions in 1995.

The Company's regional partnership program is a key component of the overall growth strategy. At December 31, 1994, the Company had 17 regional partnerships which in turn held an interest in 260 funeral homes and 43 cemeteries. In 1994, 67% of the Company's acquisitions of family funeral homes and cemeteries were initiated through regional partners. Typically, regional partnerships are strategic acquisitions in which former owners are provided with the opportunity to retain a 10% interest in the future appreciation of the regional operation. The Company's eventual purchase of the retained interest is based on a pre-arranged formula, the results of which are contingent on the future profitability of the operations in the regional partnership. The estimated amount of such payments, based on results to date, is accrued in the financial statements as additional purchase consideration.

The Company has observed an increasing interest in consolidation within the North American funeral service industry, which includes approximately 22,000 funeral homes and 10,000 cemeteries in the United States and 1,500 funeral homes in Canada. The Company believes that the five largest North American public funeral service companies together own approximately 7% of the funeral homes and 4% of the cemeteries in the United States and Canada.

The timing of any individual acquisition is based on many different factors. While management believes that, based on current trends in the industry, acquisition levels could average $350 million annually over the next few years, no assurances can be given that the Company will complete any specific number or dollar amount of acquisitions in a particular year. At March 17, 1995, the Company had already acquired or signed letters of intent for acquisitions approximating $192 million.

ACQUISITIONS *and* CAPITAL EXPENDITURES

The Company acquired $290.9 million of funeral home and cemetery assets during 1994 through 91 separate acquisition transactions, representing the purchase of 110 funeral homes and 46 cemeteries. Of these, $287.1 million included 105 funeral homes and 46 cemeteries located in the United States. There were no acquisitions that were individually significant to the Company's operating results.

The following table provides historical data on the Company's acquisition program during the past three years.

Summary of Acquisition Activity

	Funeral Homes	*Cemeteries*	*Assets Acquired (in millions)*
1992	86	15	$ 97.4
1993	83	33	$ 160.9
1994	110	46	$ 290.9

The Company expects to continue to combine or sell a small number of locations in order to utilize its resources to produce a better return from its assets. In addition, the Company intends to dispose of certain non-core businesses acquired in conjunction with the acquisition of funeral homes and cemeteries.

The Company was offered the opportunity in 1994 to acquire a substantial interest in a public Canadian cemetery and funeral service company, Arbor Memorial Services Inc. ("Arbor"). Management believes that Arbor has well-run and mature properties including approximately 44 cemeteries and 49 funeral homes. The Company currently holds a 26% interest in the common shares of Arbor. The controlling shareholder of Arbor has indicated that he plans to retain his interest in Arbor and remain independent, a position that is compatible with the Company's long-term objectives.

Management believes that there is an industry trend to offer families packages of both funeral and cemetery services and that its operation of combination properties will better position the Company for this trend. The Company has added 18 such combination properties during the last two years and at December 31, 1994 operated 26 cemeteries with funeral homes on or adjacent to the cemetery.

In 1994, $21.9 million was invested in the construction of new funeral homes and the development of cemetery properties, an increase of $14.0 million from 1993. During 1994, the Company completed construction of five new funeral homes, four of which were combination properties. At December 31, 1994, the Company had commenced construction and planning of an additional eight funeral homes, four of which will be combination properties. The Company has budgeted $20 million for the construction of funeral homes and the development of cemetery properties in 1995.

During 1994, the Company expended $17.9 million on capital improvements as compared to $14.3 million in 1993. This increase is consistent with the Company's capital budgeting policies, which set limits based on the depreciation expense on property and equipment. The Company expects to spend approximately $20 million on capital improvements in 1995.

LIQUIDITY *and* CAPITAL RESOURCES

The Company ensures that it has sufficient liquidity for its activities through internally generated cash flow and borrowing potential under various revolving credit facilities. At December 31, 1994, the Company had cash and cash equivalents of $11.6 million and the capability to borrow an additional $156 million under its existing credit facilities.

The Company financed 1994 acquisitions and capital expenditures through internally generated cash flow, credit facilities and the proceeds of several debt and equity offerings.

In February 1994, a subsidiary of the Company arranged for a $200.0 million unsecured revolving credit facility with a syndicate of banks, which replaced a $125.0 million secured revolving facility available to the Company and such subsidiary. The Company and two of its subsidiaries provided unsecured guarantees of the obligations under such credit facility. In January 1995, the maturity was extended to February 1998.

Also in February 1994, a subsidiary of the Company issued 6.49% Senior Guaranteed Notes, Series E due in February 2004 in the original aggregate principal amount of $50.0 million. The Company and two of its subsidiaries provided unsecured guarantees of the obligations under such notes. The notes are unsecured and repayment commences in February 1998 in equal annual amounts.

In June 1994, the Company implemented the 1994 Management Equity Investment Plan (the "MEIP") as described in Note 11(d) of the Company's 1994 consolidated financial statements. Under the MEIP, a subsidiary of the Company received $6.1 million from participants in the MEIP and arranged for a $121.3 million five-year term credit facility with a syndicate of banks. The Company and two of its subsidiaries provided unsecured guarantees of the obligations under such credit facility. The credit facility is secured by exchangeable debentures outstanding between two of the Company's subsidiaries.

In August 1994, the Company issued 2,000,000 Common shares for gross proceeds of $48.3 million through a group of Canadian underwriters.

Also in August 1994, Loewen Group Capital, L.P., a limited partnership of which a subsidiary of the Company is the general partner, issued $75.0 million of Cumulative Monthly Income Preferred Securities (MIPS). The Company provided an unsecured guarantee of the obligations under the MIPS. The MIPS are due in August 2024 and may be called at par after August 2004. Note 9 of the Company's 1994 consolidated financial statements describes the MIPS in more detail.

In September 1994, the Company arranged for a Cdn. $30.0 million three-year unsecured revolving credit facility with a bank syndicate. Three of the Company's subsidiaries provided unsecured guarantees of the obligations under such credit facility.

In January 1995, the Company arranged for a Cdn. $35.0 million five-year unsecured term credit facility with a bank. A subsidiary of the Company provided an unsecured guarantee of the obligations under such credit facility.

Based on balances outstanding as at December 31, 1994, minimum required principal repayments will aggregate $45.5 million in 1995 and $44.1 million in 1996. As in the past, the Company plans to ensure available financing of principal repayments well in advance of scheduled principal repayment dates, thereby protecting the Company's liquidity and maintaining its financial flexibility.

In August 1994, Standard & Poor's Rating Group assigned a rating of BBB- to the MIPS issued by Loewen Group Capital, L.P. and affirmed the Company's implied senior debt rating of BBB with positive implications. In addition, Moody's has assigned a rating of Baa3 to the MIPS. In January 1995, the Company was pleased to receive from the Standard & Poor's Rating Group an affirmation of the implied senior debt rating of BBB with positive implications. The Company intends to maintain these investment grade ratings, which will allow the Company continued access to the institutional debt markets at competitive rates.

As in 1994, the Company expects to finance its 1995 acquisition and capital expenditure programs through internally generated cash flow, credit facilities and debt and/or equity offerings. The timing and size of 1995 debt and equity offerings will depend primarily on expected acquisition levels, the Company's borrowing capability under its revolving credit facilities, its financial ratios and general financial market conditions.

The Company's practice is to use basic swap and option products to manage its exposure to interest rate movements such that approximately 50% of its debt is subject to fixed interest rates. As at December 31, 1994 the Company had an average interest rate of 8.03%, long-term debt had an average maturity of approximately 4.0 years, and approximately 45% of total long-term debt was subject to fixed interest rates. Although for financial reporting purposes, the MIPS are not considered long-term debt, if they were included in long-term debt, the Company would have an average interest rate of 8.21%, long-term debt would have an average maturity of approximately 7.3 years, and approximately 52% of total long-term debt would be subject to fixed interest rates. See Note 2 and Note 10 of the Company's 1994 consolidated financial statements for additional information on derivative and financial instruments.

The Company also uses basic future and option products to fix the interest rate of anticipated financing transactions in advance. All derivatives are entered into as hedges based on several criteria, including the timing, size and term of the anticipated transaction. Any gain or loss from an effective hedging transaction is deferred and amortized over the life of the financing transaction as an adjustment to interest expense.

The Company declared dividends aggregating $0.07 per share in 1994, a 55.6% increase over 1993. The Board of Directors intends to continue to increase the dividend rate as earnings grow.

The following table summarizes the sources and uses of capital based on the Company's Consolidated Statements of Changes in Financial Position for the past three years.

(dollars in millions)	*1994*	*1993*	*1992*
SOURCES *of* CAPITAL			
Cash provided by operations	$ 56.4	$ 48.2	$ 35.2
Issue of share capital	53.4	54.6	32.4
Issue of preferred securities of subsidiary	75.0	—	—
Net change in long-term debt	172.9	84.2	28.3
Total	$ 357.7	$ 187.0	$ 95.9
USES *of* CAPITAL			
Business acquisitions (net of debt and liabilities assumed)	$ 265.6	$ 148.0	$ 83.2
Construction and development of cemetery property	21.9	7.9	1.9
Net capital expenditures	13.6	10.2	8.3
Investments and long-term receivables	55.9	8.8	1.5
Common share dividends	2.9	1.7	1.0
Increase (decrease) in cash and cash equivalents	(2.5)	4.6	(8.7)
Other	0.3	5.8	8.7
Total	$ 357.7	$ 187.0	$ 95.9

TRENDS, CHALLENGES *and* UNCERTAINTIES

Stable Demographics

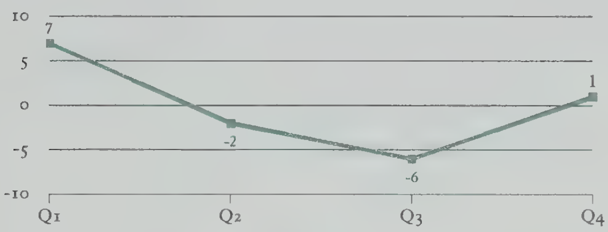
The number of deaths in the United States is projected to increase over time due to an anticipated constant death rate and increasing population. Since 1980 the number of deaths has increased at a compound rate of approximately one percent per year. According to a 1993 report by the U.S. Department of Commerce, Bureau of the Census, the number of deaths in the United States is expected to increase by approximately 1% per year between 1993 and 2020. According to a Statistics Canada report, a similar trend is expected in Canada. These stable demographic trends are expected to enhance revenues over time. However, historically there have been minor fluctuations both above and below trend lines.

Seasonality

The number of deaths tends to decline during the summer months, typically causing third quarter revenues and operating income to be below comparative results in other quarters. Seasonal fluctuations vary from year to year. The following charts illustrate the impact of seasonality on the Company's funeral volumes and quarterly fully diluted earnings per share.

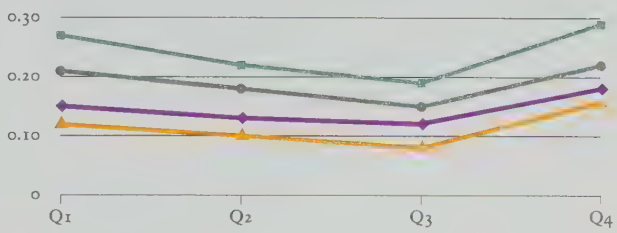
VARIATION FROM QUARTERLY AVERAGE

Weighted Average Volumes: 1991-1994 (percent)



QUARTERLY EARNINGS PER SHARE

(in U.S. dollars) ■ 1994 ● 1993 ◆ 1992 ▲ 1991



Cremation

Although cremation, as a percentage of total funeral services, has been increasing by approximately one percentage point annually over the past five years in North America, the number of caskets sold (typically associated with a traditional funeral service) has remained constant. Over the next 10 years the cremation rate is expected to continue to increase at the same rate and the number of caskets sold is expected to remain constant. Cremation rates vary dramatically from one region of North America to another.

The Company views cremation simply as an alternative to earth burial and encourages the provision of an appropriate commemorative service. Management believes that historically there has been a lack of appropriate service alternatives for families who choose cremation in North America. In 1994, the Company continued to expand its Celebration of Life marketing program to ensure families can make informed choices from the available services. Regional managers and funeral home personnel continue to be trained in the presentation of these options to families.

Because the number of caskets and traditional services sold are expected to remain constant and management has designed programs to respond to the increase in the cremation rate, management believes that revenues will not be adversely affected by an increase in the cremation rate.

Names and Reputations

In a service-oriented business, the reputations of local operations are of intrinsic value to the Company. The financial statements account for these important assets as a combination of names and reputations and covenants not to compete. Covenants not to compete, which normally have a term of 10 to 12 years, protect the Company's investment in specific local markets.

A local funeral home's reputation in the community is essential to the Company's operational and financial performance. Deterioration in the reputation for quality family service may result in an eventual loss of market share in any given community. Local management's primary focus and responsibility is to manage each location in a manner consistent with the Company's commitment to provide quality funeral service to each and every community in which it operates.

Management of Growth

Management of the Company's growth is critical to continued profitability. The Company's management philosophy values the outstanding work of the staff in each funeral home and cemetery, whose service to families is the cornerstone of the Company's contribution to society. The role of management is to support the locations and maintain high morale. The Company has developed training programs and other resources to actively support its local operations. Regional management is structured to maintain contact with the Company's geographically diverse operations. Senior management is responsible for directing the Company's operations and ensuring strategic goals are developed and met.

Although management believes that it has been successful in effectively managing the Company's significant growth to date, managing future growth will continue to be one of the most important responsibilities and challenges facing the Company.

Financial Risks

The Company continues to maintain a conservative posture with respect to foreign exchange by financing United States based assets with United States based liabilities and Canadian based assets with Canadian based liabilities including the occasional use of financial derivatives. Fluctuations in the exchange rate between the Canadian and U.S. dollar will not have a material impact on the consolidated results of the Company.

A significant portion of the Company's interest rate exposure is mitigated by the Company's practice of maintaining approximately 50% of its debt subject to fixed interest rates including the use of financial derivatives. Management believes it has established an appropriate balance between the reasonably predictable nature of operating cash flow in the funeral service industry and a prudent level of financial leverage.

Advanced Funeral Planning

In addition to its focus on quality at-need funeral services, the Company provides advanced funeral planning options at all locations. The Company believes that families in large urban market segments are more aware of and are more willing to purchase funeral products and services in advance. The Company recognizes that the increasing demand for advanced funeral and cemetery planning is a natural extension of the service and care it offers families, and is committed to providing quality advanced funeral and cemetery planning to the communities it serves.

As the Company has increased its presence in large urban markets, it has significantly expanded its efforts to sell prearranged funeral services in those markets. For example, the Company now has 22 regional marketing centers that focus primarily on advanced funeral planning, an increase of six from 1993. In order to protect and enhance its market share in these large urban markets, management believes that the Company will need to continue to implement programs designed to increase prearranged sales.

In 1994, 14.8% of funeral services performed had been prearranged, an increase from 13.8% in 1993. Management expects a similar increase in 1995. During 1994, the Company sold approximately 24,000 funeral services to families planning in advance.

Environment

Management believes that the primary environmental risk arises upon the acquisition of a funeral home or cemetery. The Company manages this risk by conducting extensive environmental due diligence of all potential acquisition candidates. Management endeavors to ensure that any environmental issues which occur prior to acquisition of an operation are identified and addressed in advance of acquisition or are covered by an appropriate indemnity by the vendor.

Management does not believe that an environmental problem at any single location will have a material adverse effect on the Company's financial results.

CONCLUSION

The Company's success has been and continues to be built on a disciplined approach to management and an adherence to high standards of quality service. Management believes that with an increasing number of funeral home and cemetery owners considering succession planning, there are opportunities for continued operational and financial growth in the foreseeable future.

The Loewen Group is a respected leader in the North American funeral service profession. The Company has established its financial track record through the attractive characteristics of the funeral service profession and the outstanding efforts of the Company's employees. Each full-time and eligible part-time employee is a shareholder in the Company and management in total has a 30% interest on a fully diluted basis.

MANAGEMENT'S STATEMENT *of* RESPONSIBILITY

The management of The Loewen Group Inc. is responsible for the preparation of the accompanying consolidated financial statements and the preparation and presentation of all information in the Annual Report. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered by management to present fairly the financial position and operating results of the Company.

The Company maintains various systems of internal control to provide reasonable assurance that transactions are appropriately authorized and recorded, that assets are safeguarded, and that financial records are properly maintained to provide accurate and reliable financial statements.

The Company's audit committee is comprised of a majority of non-management directors and is appointed by the Board of Directors annually. The committee meets periodically with the Company's management and independent auditors to review financial reporting matters and internal controls and to review the consolidated financial statements and the independent auditors' report. The audit committee reported its findings to the Board of Directors who have approved the consolidated financial statements.

The Company's independent auditors, KPMG Peat Marwick Thorne, have examined the consolidated financial statements and their report follows.

RAYMOND L. LOEWEN
Chairman and Chief Executive Officer

A.M. BRUCE WATSON
Executive Vice-President

AUDITORS' REPORT *to the* SHAREHOLDERS

We have audited the consolidated balance sheets of The Loewen Group Inc. as at December 31, 1994 and 1993 and the consolidated statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1994 and 1993 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1994, in accordance with generally accepted accounting principles in Canada. As required by the Company Act of the Province of British Columbia, we report that, in our opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for cemetery revenue described in Note 3 to the consolidated financial statements, on a consistent basis.

KPMG Peat Marwick Thorne

CHARTERED ACCOUNTANTS
Vancouver, Canada
February 21, 1995, except as to Note 20(a) which is as of March 17, 1995.

CONSOLIDATED BALANCE SHEETS

Expressed in thousands of U.S. dollars

December 31,	*1994*	*1993 (Restated, Notes 1 and 3)*
ASSETS		
Current assets		
Cash and term deposits	$ 15,349	$ 18,167
Receivables, net of allowances	66,255	50,571
Income taxes recoverable	4,292	1,113
Inventories	19,673	15,952
Prepaid expenses	4,299	4,941
	109,868	90,744
Long-term receivables, net of allowances	67,895	30,059
Investments	46,712	3,749
Cemetery property, at cost	114,861	48,158
Property and equipment	426,038	346,244
Covenants not to compete	42,282	37,665
Names and reputations	272,317	161,849
Other assets	35,763	19,977
	$1,115,736	$ 738,445
LIABILITIES *and* SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	$ 3,700	$ 4,435
Accounts payable and accrued liabilities	48,436	37,952
Long-term debt, current portion	45,529	6,572
	97,665	48,959
Long-term debt	471,125	335,405
Other liabilities	52,121	22,327
Deferred income taxes	8,686	5,864
Preferred securities of subsidiary	75,000	—
Shareholders' equity		
Share capital	282,560	227,968
Retained earnings	115,492	79,867
Foreign exchange adjustment	13,087	18,055
	411,139	325,890
	$1,115,736	$ 738,445

Commitments and contingencies *(Note 13)*

See accompanying notes to consolidated financial statements.

On behalf of the Board

Director

Chuck Loewen

Director

CONSOLIDATED STATEMENTS *of* EARNINGS

Expressed in thousands of U.S. dollars except per share amounts

Years ended December 31,	*1994*	*1993 (Restated, Notes 1 and 3)*	*1992 (Restated, Note 1)*
Revenue			
Funeral	$ 353,904	$ 275,106	$ 202,748
Cemetery	63,575	27,905	16,159
	417,479	303,011	218,907
Costs and expenses			
Funeral	210,471	166,782	123,044
Cemetery	48,003	21,111	12,155
	258,474	187,893	135,199
	159,005	115,118	83,708
Expenses			
General and administrative	35,436	26,908	18,003
Depreciation and amortization	28,990	21,196	16,059
	64,426	48,104	34,062
Earnings from operations	94,579	67,014	49,646
Interest on long-term debt	34,203	21,801	19,083
Other (income) expense	(534)	1,317	(917)
Earnings before dividends on preferred securities of subsidiary and income taxes	60,910	43,896	31,480
Dividends on preferred securities of subsidiary	2,678	—	—
Earnings before income taxes	58,232	43,896	31,480
Income taxes			
Current	17,053	12,501	10,571
Deferred	2,685	3,213	1,143
	19,738	15,714	11,714
Net earnings for the year	$ 38,494	$ 28,182	$ 19,766
Basic earnings per share	$ 0.97	$ 0.77	$ 0.59
Fully diluted earnings per share	$ 0.97	$ 0.76	$ 0.58

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS *of* RETAINED EARNINGS

Expressed in thousands of U.S. dollars except per share amounts

Years ended December 31,	*1994*	*1993 (Restated, Notes 1 and 3)*	*1992 (Restated, Note 1)*
Retained earnings, beginning of year	$ 79,867	$ 53,382	$ 34,651
Net earnings	38,494	28,182	19,766
Common share dividends	(2,869)	(1,697)	(1,035)
Retained earnings, end of year	$ 115,492	$ 79,867	$ 53,382
Dividend per Common share	$ 0.070	$ 0.045	$ 0.030

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS *of* CHANGES *in* FINANCIAL POSITION

Expressed in thousands of U.S. dollars

Years ended December 31,	*1994*	*1993* (Restated, Notes 1 and 3)	*1992* (Restated, Note 1)
CASH PROVIDED BY (APPLIED TO)			
Operations			
Net earnings	$ 38,494	$ 28,182	$ 19,766
Add (deduct) items not affecting cash			
Depreciation and amortization	28,990	21,196	16,059
Deferred income taxes	2,685	3,213	1,143
Other	(2,056)	684	(192)
Deduct net changes in non-cash working capital balances	(11,717)	(5,071)	(1,537)
	56,396	48,204	35,239
Investments			
Business acquisitions	(265,638)	(148,011)	(83,176)
Construction of new facilities	(14,114)	(6,391)	(848)
Investments	(30,917)	(288)	(381)
Long-term receivables	(24,935)	(8,528)	(1,092)
Development of cemetery property	(7,811)	(1,508)	(1,010)
Purchase of property and equipment	(17,890)	(14,342)	(10,031)
Proceeds on disposition of assets	4,263	4,111	1,683
Proceeds on disposition of insurance operations	(4,304)	—	—
Other	(11,095)	(13,157)	(9,590)
	(372,441)	(188,114)	(104,445)
Financing			
Issue of share capital, before income tax recovery	53,388	54,602	32,389
Issue of preferred securities of subsidiary	75,000	—	—
Increase in long-term debt	187,357	93,121	32,988
Reduction in long-term debt	(14,465)	(8,912)	(4,733)
Common share dividends	(2,869)	(1,697)	(1,035)
Other	15,087	7,364	880
	313,498	144,478	60,489
Increase (decrease) in cash and cash equivalents during the year	(2,547)	4,568	(8,717)
Effect of foreign exchange adjustment	464	546	1,300
Cash and cash equivalents, beginning of year	13,732	8,618	16,035
Cash and cash equivalents, end of year	$ 11,649	$ 13,732	$ 8,618
Cash and cash equivalents include			
Cash and term deposits	$ 15,349	$ 18,167	$ 12,176
Bank indebtedness	(3,700)	(4,435)	(3,558)
	$ 11,649	$ 13,732	$ 8,618

See accompanying notes to consolidated financial statements.

NOTES *to* CONSOLIDATED FINANCIAL STATEMENTS

Tabular amounts expressed in thousands of U.S. dollars except per share amounts and number of shares

NOTE 1. CHANGE *in* REPORTING CURRENCY

The consolidated financial statements of the Company have historically been expressed in Canadian dollars. As a result of the significance of business activities now conducted in the United States and of shareholdings now held by residents of the United States, the Company has adopted the United States dollar as its reporting currency effective January 1, 1994. The comparative financial information for 1993 and 1992 has been translated into United States dollars as required under Canadian generally accepted accounting principles at the December 31, 1993 rate of one United States dollar to Canadian $1.3217. The following is a summary of the Company's results had the United States dollar not been used as the reporting currency.

(Thousands of Canadian dollars except per share amounts)	*1994*	*1993**	*1992*
Revenues	$ 570,193	$ 400,489	$ 289,329
Net earnings	52,575	37,248	26,125
Total assets	1,564,039	976,002	699,182
Shareholders' equity	576,335	430,728	312,340
Basic earnings per share	1.32	1.02	0.77
Fully diluted earnings per share	1.32	1.01	0.77

At December 31, 1994 one United States dollar was equal to Canadian $1.4018.

** Restated for change in accounting policy (see Note 3).*

NOTE 2. SUMMARY *of* SIGNIFICANT ACCOUNTING POLICIES

The United States dollar is the principal currency of the Company's business and accordingly the consolidated financial statements are expressed in United States dollars (see Note 1).

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which, in the case of the Company, generally conform with those established in the United States, except as explained in Note 21.

Basis of consolidation

The accounts of all subsidiary companies have been included in the consolidated financial statements from their respective dates of acquisition of control or formation. All companies are wholly owned at December 31, 1994 except for a few companies with small minority interests. The Company's operating subsidiaries are held primarily through TLGI Management Corp. in Canada and Loewen Group International, Inc. ("LGII") in the United States.

All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

Prearranged funeral services

Prearranged funeral services provide for future funeral services generally determined by prices prevailing at the time the contract is signed. The payments made under the contract are either placed in trust or are used to pay the premiums of life insurance policies under which the Company will be designated as beneficiary. Amounts held in trust for prearranged funerals are shown net of the related liability to provide services. If a loss in market value takes place which is considered to be other than temporary, the investment is written down to recognize the loss.

At the date of performing the funeral service, the Company recognizes as funeral service revenue the insurance contract amount or trusted amount of the service, together with all accrued trust earnings and increased insurance benefits. The direct costs of obtaining prearranged funeral contracts, consisting primarily of sales commissions are deferred and amortized over a period of ten years, approximating the period the benefits are expected to be realized. Indirect costs of obtaining the prearranged funeral are expensed in the period incurred.

NOTE 2. SUMMARY *of* SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cemetery operations

Pre-need sales of cemetery interment rights and other related products and services are recorded as revenue when customer contracts are signed with concurrent recognition of related costs. Allowances for customer cancellations and refunds are provided at the date of sale based on historical experience (see Note 3).

A portion of the proceeds from cemetery sales is generally required by law to be paid into perpetual or endowment care trust funds. Cemetery revenue is recorded net of the amount to be deposited. Earnings of perpetual or endowment care trust funds are used to defray the maintenance costs of cemeteries. Additionally, pursuant to state law, a portion of the proceeds from the sale of pre-need merchandise and services may also be required to be paid into trust funds which are recorded as long-term cemetery receivables.

Inventories

Inventories are valued at the lower of cost, determined primarily on a specific identification basis or a first in first out basis, and net realizable value.

Property and equipment

Property and equipment is recorded initially at cost and depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	10 to 40 years
Automobiles	6 years
Furniture, fixtures and equipment	6 to 10 years
Computer hardware and software	6 to 10 years
Leasehold improvements	over the term of the lease plus one renewal

Covenants not to compete

Covenants not to compete carried on the balance sheet represent amounts prepaid under non-competition agreements with certain key management personnel of acquired operations. Amortization of such prepaid covenants not to compete is provided on a straight-line basis over the terms of the relevant agreements. The weighted average of the original terms of the covenants not to compete is 10.9 years (1993 – 11.3 years).

Names and reputations

The amount paid for the names and reputations of operations acquired is equivalent to the excess of the purchase price over the fair value of identifiable net assets acquired, as determined by management. Amortization is provided on a straight-line basis over 40 years.

Deferred finance costs

Deferred finance costs represent the costs of negotiating and securing the Company's long-term debt and preferred securities of subsidiary and are being amortized to earnings on a straight-line basis over the respective term of the related debt. These costs include legal fees, accounting fees, underwriting and agency fees and other related costs.

Acquisition costs

The Company's policy is to capitalize direct acquisition costs incurred on successful completion of acquisitions. These costs are allocated to the assets acquired and are subject to the accounting policies outlined above. On certain acquisitions, a portion of the consideration is contingent upon future operating results. Such consideration, if any, is allocated to the assets acquired once determinable.

NOTE 2. SUMMARY *of* SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative instruments

The Company enters into interest rate swap agreements to manage interest rate exposure on its long-term debt. The difference between the amounts paid and received is accrued and accounted for as an adjustment to interest expense over the life of the swap agreement.

The Company uses interest futures, options and forwards to hedge the interest rates on anticipated financing transactions when such transactions are probable and the significant characteristics and expected terms are identified. Any gain or loss as a result of the hedging is deferred and amortized as an adjustment to interest expense over the life of the financing instrument hedged. If at any point in time, a hedging transaction no longer meets the criteria of a hedge, any gain or loss is recognized in current earnings.

The Company also uses foreign exchange forward contracts, options and futures to hedge the Company's exposure to fluctuations in foreign exchange rates. Gains or losses as a result of the hedge transaction are accounted for as an adjustment to the related transaction.

Share issue expenses

The costs of issuing Common shares, net of income tax recoveries thereon, are applied to reduce the stated value of such shares.

Deferred income taxes

The Company follows the allocation method for accounting for income taxes. Under this method recognition is given in the financial statements to the tax effects of timing differences between income for financial statement and income tax purposes. The differences arise primarily from depreciation, amortization, deferred finance costs, direct marketing costs, installment cemetery sales and share issue costs.

Earnings per share

Basic earnings per share figures are calculated using the weighted average number of Common shares outstanding during the respective periods.

Fully diluted earnings per share figures assume exercise of dilutive employee stock options effective on their dates of issue and that the funds derived therefrom were invested at an annual after tax rate of return of 6.18% (1993 – 5.85%).

Foreign currency translation

The assets and liabilities of the Canadian operations which are accounted for as self-sustaining, have been translated into United States dollars at the rates of exchange as at the balance sheet dates, and revenue and expenses are translated at the average rates of exchange for the periods of operation. Gains or losses arising from the translation are deferred and are classified as "Foreign exchange adjustment" within Shareholders' equity.

NOTE 3. CHANGE *in* ACCOUNTING POLICY

During the year ended December 31, 1994, the Company made a retroactive change to its revenue recognition policy with regard to pre-need sales of cemetery interment rights and other related products. Previously revenue was recognized in accordance with principles prescribed for sales of real estate. Management believes that the adoption of the new policy makes the Company's results more comparable with others in the industry.

The effect of this change is to increase revenue for the year ended December 31, 1994 by $3,864,000 (1993 – $2,006,000, 1992 – nil) and net income by $259,000 (1993 – $157,000, 1992 – nil). The impact on fully diluted earnings per share for the three years ended December 31,1994 amounted to less than one cent per share in each year.

NOTE 4. ACQUISITIONS

During the year ended December 31, 1994, the Company acquired 105 funeral homes and 46 cemeteries in the United States, four funeral homes in Canada and one funeral home in Mexico. During the year ended December 31, 1993, the Company acquired 78 funeral homes and 33 cemeteries in the United States and five funeral homes in Canada.

All of the Company's acquisitions have been accounted for by the purchase method. The effect of acquisitions at dates of purchase on the Consolidated Balance Sheet is as follows:

	1994	*1993*
Current assets	$ 7,939	$ 7,066
Long-term receivables, net of allowances	12,019	9,278
Investments	14,164	2,056
Cemetery property, at cost	58,523	21,079
Property and equipment	72,055	47,952
Covenants not to compete	7,571	4,021
Names and reputations	117,755	68,723
Other assets	834	705
	290,860	160,880
Current liabilities	(6,861)	(8,109)
Long-term debt	(2,322)	(2,138)
Other liabilities	(14,820)	(758)
Deferred income taxes	(1,219)	(1,864)
	$ 265,638	$ 148,011
Consideration		
Cash and debt	$ 263,551	$ 148,011
Share capital	2,087	—
Purchase Price	$ 265,638	$ 148,011

None of the acquisitions included above is individually significant.

The following table reflects, on an unaudited pro-forma basis, the combined results of the Company's operations acquired during the period ended December 31, 1994 as if all such acquisitions had taken place at the beginning of the respective periods presented. Appropriate adjustments have been made to reflect the accounting basis used in recording these acquisitions. This pro-forma information does not purport to be indicative of the results of operations that would have resulted had the acquisitions been in effect for the entire periods presented, and is not intended to be a projection of future results or trends.

	1994	*1993**
Revenues	$ 456,277	$ 390,731
Net earnings	$ 39,217	$ 29,605
Basic earnings per share	$ 0.99	$ 0.81
Fully diluted earnings per share	$ 0.98	$ 0.80

**Restated for change in accounting policy (see Note 3).*

NOTE 5. INVESTMENTS

	1994	1993
(a) Portfolio investments		
Arbor Memorial Services Inc. ("Arbor")		
680,225 Class A voting shares representing 26.93%, (market value – $8,734,520)		
1,563,350 Class B non-voting shares representing 24.96%,		
(market value – $18,262,131)	$ 26,250	$ —
This investment is carried at cost which approximates equity.		
For the fiscal year ended October 31, 1994, Arbor had Canadian dollar assets of $335,639,000, shareholders' equity of $100,232,000, revenue of $107,052,000, and net earnings of $7,372,000		
(b) Non-core business	13,483	—
In connection with an acquisition of a group of funeral homes, the company acquired a non-core life insurance business. For the six month period ended December 31, 1994, this company had assets of $83,712,000, stockholders' equity of $13,610,000, revenues of $13,943,000 and net earnings of $429,000. This investment is held at estimated net realizable value at date of acquisition as the Company does not intend to continue with non-core business activities		
(c) Other, at cost	6,979	3,749
	$ 46,712	$ 3,749

NOTE 6. FUNERAL TRUST ASSETS *and* LIABILITIES

	1994	1993
Short-term investments	$ 73,017	$ 90,718
Fixed maturities	77,144	41,180
Balanced mutual funds	26,429	38,222
Equity securities	1,846	1,381
Other	546	3,715
Prearranged funeral trust assets	178,982	175,216
Prearranged funeral trust liabilities	178,982	175,216
	$ —	$ —

As at December 31, 1994, total funeral trust assets at market value amounted to approximately $177.5 million (1993 – approximately $176.4 million).

The weighted average rate of return on the above trust assets for the year ended December 31, 1994 was 4.7% (1993 – 4.8%).

The Company's accounting policy for prearranged funeral services is described in Note 2. The Company estimates that the investment income earned and retained in the funeral trust funds approximates the increase in the cost over time of providing the related services, and these are accordingly offset in the Consolidated Statements of Earnings.

NOTE 7. BANK INDEBTEDNESS

The Company has available unsecured bank operating lines of credit aggregating $5,000,000 (1993 – $8,026,400). Borrowing under these lines bear interest at rates based on bank prime.

NOTE 8 LONG-TERM DEBT

	1994	1993
Senior guaranteed notes		
$100,000,000 (1993 – $100,000,000) Series A 9.70% due November 1, 1998		
$ 50,000,000 (1993 – $ 50,000,000) Series B 9.93% due November 1, 2001		
$ 25,000,000 (1993 – $ 25,000,000) Series C 9.70% due November 1, 1998		
$ 60,000,000 (1993 – $ 60,000,000) Series D 9.62% due September 11, 2003		
$ 50,000,000 (1993 – nil) Series E 6.49% due February 25, 2004		
Repayment commences November 1, 1995 for Series A, B and C, September 11, 1997 for Series D, and February 25, 1998 for Series E in equal annual amounts to the respective due dates	$ 285,000	$ 235,000
Bank term credit facility bearing interest at floating rates, repayable July 15, 1999 and secured by Senior Exchangeable Debentures (see Note 11(d))	121,286	—
Unsecured multicurrency revolving term credit facility of up to $200,000,000 (1993 – nil) bearing interest at floating rates, repayable February 16, 1998	46,000	—
Unsecured operating credit agreement of up to Canadian $30,000,000 (1993 – nil) bearing interest at floating rates, repayable August 15, 1997	19,190	—
Revolving term credit facility bearing interest at floating rates, repaid February 16, 1994	—	67,000
Bank term loan bearing interest at floating rates, repaid September 30, 1994	—	7,669
Other, principally arising from vendor financing of acquired operations or long-term debt assumed on acquisition, bearing interest at fixed and floating rates varying from 4.8% to 12.0%, certain of which are secured by assets of certain subsidiaries	45,178	32,308
	516,654	341,977
Less current portion	45,529	6,572
	$ 471,125	$ 335,405

(a) The security for the Senior Guaranteed Notes and revolving term credit facility was shared equally and was represented by a security interest and floating charge over certain of the Company's real property and pledge of the shares of certain subsidiaries. This security was released February 16, 1994.

(b) On April 29, 1993, the Company issued warrants for the purchase of Senior Guaranteed Notes, Series D, which were all exercised on September 10, 1993. The proceeds of the warrants are included in other liabilities and are being amortized as a reduction of interest expense over the term of the Series D Notes.

(c) Maturities of long-term debt are as follows:

	1994
1995	$ 45,529
1996	44,126
1997	70,164
1998	102,655
1999	146,440
Thereafter	107,740
	$ 516,654

(d) Certain of the above loan agreements contain various restrictive provisions, including restricting payment of dividends on Common shares, limiting redemption or repurchase of shares, limiting disposition of assets, limiting the amount of additional debt, limiting the amount of capital expenditures and maintaining specified financial ratios.

NOTE 9. PREFERRED SECURITIES *of* SUBSIDIARY

On August 15, 1994, 3,000,000 9.45% Cumulative Monthly Income Preferred Securities, Series A (MIPS) were issued by Loewen Group Capital, L.P. (LGC) in a public offering for an aggregate amount of U.S. $75,000,000. LGC is a limited partnership and LGII as its general partner manages its business and affairs. LGII serves as the holding company for all United States assets and operations of the Company. The consolidated financial statements of LGII are prepared in accordance with Canadian generally accepted accounting principles and are presented in United States dollars.

Summarized financial data for LGII are presented as follows:

	1994	*1993**	*1992*
Income statement information			
Total revenue	$ 365,458	$ 263,493	$ 190,047
Gross profit	136,639	97,328	69,675
Earnings from operations	83,702	60,578	43,906
Net earnings	7,491	10,671	9,766
Balance sheet information			
Current assets	$ 96,943	$ 81,028	$ 57,145
Non-current assets	868,766	562,154	406,546
Total assets	965,709	643,182	463,691
Current liabilities	81,472	36,722	27,242
Non-current liabilities	714,434	444,148	326,808
Total liabilities	795,906	480,870	354,050
Shareholders' equity	169,803	162,312	109,641

**Restated for change in accounting policy (see Note 3).*

The MIPS are due August 31, 2024 and are subject to redemption at par at the option of LGC, in whole or in part, from time to time, on or after August 31, 2004.

Holders of the MIPS will be entitled to receive cumulative dividends at an annual rate of 9.45% of the liquidation preference of U.S. $25 per MIPS. The dividends accrue from the date of original issuance and are payable monthly in arrears.

The Company has the right to defer payment of dividends on the MIPS for one or more periods, each not to exceed 60 consecutive months. In this event the Company may not declare or pay dividends on, or redeem, purchase or acquire or make a liquidation payment with respect to any class of its capital stock.

The Company has guaranteed certain payment obligations of LGII to LGC and of LGC to the MIPS holders. The guarantees are subordinated to all liabilities of the Company and are unsecured.

NOTE 10. FINANCIAL INSTRUMENTS *with* OFF-BALANCE SHEET RISK *and* FAIR VALUE *of* FINANCIAL INSTRUMENTS

(a) Swap Agreements

The Company has entered into interest rate swap agreements to manage its interest rate exposure on fixed rate long-term debt. At December 31, 1994, the Company had outstanding two interest rate swap agreements with commercial banks, each having a notional principal amount of $50,000,000. The Company will pay floating Libor based rates determined semi-annually (6.12% and 5.31% at December 31, 1994) and will receive fixed rates of 7.17% and 5.73% under the agreements expiring in November 1996 and August 1997, respectively. The Company is exposed to credit loss in the event of non-performance by the other parties to the interest rate swap agreements. However, the Company does not anticipate non-performance by the counterparties.

NOTE 10. FINANCIAL INSTRUMENTS *with* OFF-BALANCE SHEET RISK *and* FAIR VALUE *of* FINANCIAL INSTRUMENTS *(continued)*

(b) Fair value of financial instruments

The carrying amount of cash and cash equivalents, receivables and accounts payable approximates fair value due to the short-term maturities of these instruments. Financial instruments with a carrying value different from their fair value include:

	December 31, 1994		December 31, 1993	
	Carrying amount	Fair value	Carrying amount	Fair value
(1) Financial assets				
Investments				
Practicable to estimate fair value	$ 29,452	$ 29,692	$ —	$ —
Not practicable	17,260	—	3,749	—
Long-term receivables				
Practicable to estimate fair value	$ 12,816	$ 12,566	$ 6,240	$ 6,346
Not practicable	55,079	—	23,819	—
(2) Financial liabilities				
Long-term debt	$ 516,654	$ 516,387	$ 341,977	$ 377,243
Preferred securities of subsidiary	$ 75,000	$ 74,250	$ —	$ —
(3) Derivative instruments *(net receivable/(payable))*				
Swap agreements	$ 119	$ (1,762)	$ 644	$ 5,018

The fair value of certain investments are estimated based on quoted market prices. It is not practicable to estimate the fair value of a non-consolidated subsidiary which is carried at its original cost (see Note 5). For certain long-term receivables, fair value is estimated by discounting the future cash flows, including interest payments, using rates currently available for investments of similar terms and maturity. The long-term receivables for which it is not practicable to estimate fair value comprise primarily installment receivables on cemetery sales.

The fair value of long-term debt subject to fixed interest rates is estimated by discounting the future cash flows, including interest payments, using rates currently available for debt of similar terms and maturity, based on the Company's credit standing and other market factors. The fair value of long-term debt subject to floating market rates approximates its carrying value. The fair value of the preferred securities of a subsidiary is estimated based upon quoted market prices.

The fair value of the swap agreements is the estimated amount the counterparty would receive or pay to hypothetically terminate or exchange the agreements based on market factors.

NOTE 11. SHARE CAPITAL

(a) Authorized

3,000,000 First Preferred shares without par value
40,000,000 Class A shares without par value
500,000,000 Common shares without par value

(b) Issued and outstanding

	Number of Shares	Stated Value
Common shares and contributed surplus		
Outstanding January 1, 1992	32,753,776	$ 139,151
Issued for cash by public offering, net of expenses of $748,000	2,000,000	25,355
Issued for cash on exercise of stock options, including related tax benefits	323,575	1,843
Issued for cash under stock purchase plan	95,280	1,115
Issued for acquisitions	361,538	4,669
Outstanding December 31, 1992	35,534,169	172,133
Issued for cash by public offering, net of expenses of $1,508,000	2,500,000	51,454
Issued for cash on exercise of stock options, including related tax benefits	556,921	3,637
Issued for cash under stock purchase plan	41,275	534
Issued under employee stock bonus plan	14,715	210
Outstanding December 31, 1993	38,647,080	227,968
Issued for cash by public offering, net of expenses of $1,442,000	2,000,000	46,899
Issued for cash on exercise of stock options, including related tax benefits	194,821	3,996
Issued for cash under stock purchase plan	84,445	1,545
Issued for acquisitions *(Note 4)*	84,701	2,087
Issued under employee stock bonus plan	4,400	65
Outstanding December 31, 1994	41,015,447	$ 282,560

(c) First Preferred shares

First Preferred shares may be issued from time to time in one or more series and in such numbers and with such special rights and restrictions as the directors of the Company determine.

1,000,000 7.75% Cumulative Redeemable Convertible First Preferred shares, Series A were converted into 1,333,296 Common shares of the Company during the period May 4 to May 25, 1990.

During 1994, as part of the Management Equity Investment Plan, 425,000 shares were designated as Convertible First Preferred shares, Series B of the Company. Each Convertible First Preferred share is convertible into ten Common shares.

(d) Management Equity Investment Plan

4,250,000 Common shares of the Company were reserved upon adoption by the Company of the 1994 Management Equity Investment Plan (MEIP) on June 15, 1994. Senior Exchangeable Debentures amounting to $127,670,000 were issued by LGII to a wholly-owned subsidiary of LGII formed to act as agent for the MEIP. The Debentures are due July 15, 2001 and bear interest at floating rates. Each $300.40 of principal amount of Debentures will be exchangeable for one Convertible First Preferred share, Series B of the Company, each of which will be convertible into ten Common shares of the Company. As part of the MEIP, participants paid $3,980,000 for option rights to acquire $77,804,000 of Debentures exercisable as to 50% in 1999, 25% in 2000 and 25% in 2001, of which $751,000 was paid by the Chairman of the Company. If an option expires unexercised, the participant will receive a refund without interest of the amount paid to acquire such option right. In addition, the Chairman paid $2,253,000 for the right and obligation to acquire $45,060,000 of Debentures with the same exercise dates.

NOTE 11. SHARE CAPITAL *(continued)*

(e) Shareholder protection rights plan

On April 20, 1990, the Board of Directors of the Company approved a Shareholder Protection Rights Plan (the "Plan"), which was confirmed by the shareholders in accordance with the provisions of the Plan at the Annual General Meeting on May 24, 1990.

The Plan is meant to discourage unfair take-over bid tactics and to give the Board of Directors time, if there is an unsolicited bid, to pursue alternatives to maximize shareholder value. To preserve the shareholders' right to consider take-over bids on a fully-informed basis, the Plan provides that a bidder's position may be substantially diluted if it does not make either a "permitted bid" directly to all shareholders or negotiate with the Board for a waiver of the Plan's provisions.

Under the Plan, each Common shareholder is entitled to receive one right in certain situations. The rights however will not trade separately from the Common shares unless a take-over bid is announced or someone acquires 20% of the Common shares.

The rights issued to Common shareholders under the Plan entitle the holder, upon the occurrence of certain triggering events, to acquire Common shares in the Company at a 50% discount to the market. Triggering events include the acquisition of 20% or more of the Common shares in a transaction not approved by the Board of Directors. However, the rights are not triggered by certain permitted bids that are made to all holders of Common shares and that are approved by a majority vote of independent shareholders.

By creating the potential for substantial dilution of an unfair bidder's position, the Plan encourages an acquirer to proceed by way of a permitted bid or to approach the Board with a view to negotiation. The Plan's permitted bid provision allows bidders to take bids directly to all the shareholders. The Plan thus preserves the shareholder's right to consider such bids on a fully-informed basis. The Company, at the time of the adoption of the Plan, was not aware of any pending or threatened take-over bid for the Company, nor is it presently aware of any pending or threatened take-over bid for the Company.

There are exceptions to the Plan to permit the acquisition of shares by (i) persons who held more than 20% of the Common shares on April 20, 1990, subject to certain restrictions, and (ii) registered pension plans whose governing legislation prohibits them from holding more than 30% and who are acquiring the Common shares independently for investment.

The Plan was amended on June 18, 1991 to adjust the Exercise Price consequent upon the two-for-one stock split of the Company.

The Plan was also amended on April 7, 1994 to further adjust the Exercise Price and to amend the definition of "Inherited Acquisitions".

The Plan is for a term of ten years. However, it must be reconfirmed at the Annual General Meeting in 1995 to continue to be effective.

(f) Employee Stock Options

At December 31, 1994 stock options were outstanding in respect of 2,402,562 Common shares of the Company (1993 – 2,192,783). These options are exercisable by the holders (some of whom are directors or officers of the Company) at prices from $5.78 to $27.25 per share and expire on various dates from 1995 to 2005.

(g) Employee Stock Bonus plan

During the year ended December 31, 1994, eligible employees of the Company received five Common shares of the Company at no cost as part of the Company's Sharing The Vision program. The deemed value of these shares has been expensed.

NOTE 12. FOREIGN EXCHANGE ADJUSTMENT

The foreign exchange adjustment account represents the net changes due to exchange rate fluctuations in the equivalent United States dollar book values of the Company's net investments in self-sustaining non-United States operations since their respective dates of acquisition. The reduction (increase) in this account in 1994 amounts to $4,968,000 (1993 – ($7,253,000), 1992 – ($12,210,000)).

NOTE 13. COMMITMENTS *and* CONTINGENCIES

(a) Leases

At December 31, 1994, the Company was committed to lease payments for premises, automobiles and office equipment in the following approximate amounts:

	Premises	*Automobiles & Equipment*
1995	$ 5,581	$ 3,613
1996	5,150	3,329
1997	4,566	2,312
1998	3,673	1,196
1999	3,117	347
Thereafter	18,683	7

Total rent expense for the three years ended December 31, 1994 was $10,098,000, $7,188,000 and $5,078,000 respectively.

(b) Covenants not to compete

In connection with various acquisitions, the Company has entered into non-competition agreements ("covenants not to compete") with certain key management personnel of operations acquired. The Company's payments under the agreements may be made variously at closing or over future periods and are amortized to expense over the terms of the specific contracts. At December 31, 1994, the agreements in place will result in payments in the following approximate amounts:

1995	$ 11,710
1996	11,534
1997	11,706
1998	10,732
1999	9,595
Thereafter	42,473

(c) Litigation

The Company is a party to certain legal proceedings in the course of its business but does not regard the outcome of any such proceedings as material.

Provident American Corporation, an insurance holding company, and its wholly-owned subsidiary (collectively, "Provident") have initiated a legal action against the Company and a subsidiary (LGII) in connection with terminated negotiations between LGII and Provident concerning a possible non-exclusive pre-need funeral insurance marketing arrangement. In the Company's view LGII and Provident did not reach a definitive agreement on the possible arrangement. No agreement was ever executed on behalf of either the Company or LGII, nor was any form of agreement approved by the Board of Directors of either the Company or LGII.

Gulf National Life Insurance Company, Inc. and various related parties (collectively "Gulf National") are pursuing an action against the Company and various subsidiaries claiming damages primarily in connection with termination of a settlement agreement. In the Company's view the negotiations were terminated unilaterally and without proper cause by Gulf National. This action is scheduled to proceed to trial in late 1995.

The Company believes both these actions to be without merit, the damages claimed to be unsupportable, and has instructed its counsel to vigorously defend both actions.

NOTE 14. RETIREMENT PLANS

The Company has defined contribution retirement plans covering substantially all employees. There are no required future contributions under these plans in respect of past service.

The total expense for retirement plans for the three years ended December 31, 1994 was $1,250,000, $863,000 and $821,000 respectively.

NOTE 15. INCOME TAXES

The Company's effective income tax rate is derived as follows:

	1994 %	1993 %	1992 %
Combined Canadian federal and provincial income tax rate	45.5	45.0	44.2
Foreign income taxed at lower rates	(18.5)	(15.2)	(10.2)
Non-deductible depreciation and amortization arising from acquisitions	5.6	4.9	4.5
Other	1.3	1.1	(1.3)
	33.9	35.8	37.2

NOTE 16. CHANGES *in* NON-CASH WORKING CAPITAL BALANCES

	1994	1993	1992
(Increase) decrease in current assets			
Receivables, net of allowances	$ (13,569)	$ (6,813)	$ (4,533)
Income taxes recoverable (payable)	(3,879)	(3,015)	355
Inventories	(793)	(1,159)	(1,439)
Prepaid expenses	1,527	(574)	(1,450)
Increase (decrease) in current liabilities			
Accounts payable and accrued liabilities	4,979	6,491	6,203
Other changes in non-cash working capital balances	18	(1)	(673)
	$ (11,717)	$ (5,071)	$ (1,537)

NOTE 17. SUPPLEMENTARY FINANCIAL INFORMATION

A summary of certain balance sheet accounts as at December 31, is as follows:

	1994	1993
Receivables, net of allowances		
Trade accounts	$ 56,679	$ 45,982
Installment contracts	13,553	5,947
Other	10,237	7,812
Unearned finance income	(1,481)	(647)
Allowances for contract cancellations and doubtful accounts	(12,733)	(8,523)
	$ 66,255	$ 50,571
Long-term receivables, net of allowances		
Notes receivable	$ 13,680	$ 6,587
Cemetery long-term receivables	11,431	5,264
Installment contracts	54,381	23,786
Unearned finance income	(5,924)	(2,588)
Allowances for contract cancellations and doubtful accounts	(5,673)	(2,990)
	$ 67,895	$ 30,059
Cemetery property, at cost		
Developed land and lawn crypts	$ 34,162	$ 13,375
Undeveloped land	65,783	27,890
Mausoleums	14,916	6,893
	$ 114,861	$ 48,158
Property and equipment		
Land	$ 96,899	$ 79,917
Buildings and improvements	275,302	220,362
Automobiles	29,738	26,733
Furniture, fixtures and equipment	62,050	47,672
Computer hardware and software	11,332	6,475
Leasehold improvements	7,128	5,790
Accumulated depreciation and amortization	(56,411)	(40,705)
	$ 426,038	$ 346,244
Covenants not to compete		
Covenants not to compete	$ 57,053	$ 48,203
Accumulated amortization	(14,771)	(10,538)
	$ 42,282	$ 37,665
Names and reputations		
Names and reputations	$ 286,659	$ 170,650
Accumulated amortization	(14,342)	(8,801)
	$ 272,317	$ 161,849
Accounts payable and accrued liabilities		
Trade payables	$ 19,263	$ 15,316
Interest	6,754	4,224
Dividends	1,641	879
Insurance, property and business taxes	3,840	1,572
Other	16,938	15,961
	$ 48,436	$ 37,952

NOTE 18. SEGMENTED INFORMATION

The following information corresponds to the Company's major industry segments:

	Funeral	*Cemetery*	*Corporate*	*Consolidated*
Revenue				
1994	$ 353,904	$ 63,575	$ —	$ 417,479
1993	275,106	27,905	—	303,011
1992	202,748	16,159	—	218,907
Depreciation and amortization				
1994	$ 24,904	$ 1,759	$ 2,327	$ 28,990
1993	18,787	847	1,562	21,196
1992	14,483	520	1,056	16,059
Earnings from operations				
1994	$ 118,529	$ 13,813	$ (37,763)	$ 94,579
1993	89,537	5,947	(28,470)	67,014
1992	65,221	3,484	(19,059)	49,646
Total assets				
1994	$ 815,048	$ 232,305	$ 68,383	$1,115,736
1993	599,749	121,564	17,132	738,445
1992	454,875	61,482	12,645	529,002
Capital expenditures				
1994	$ 84,742	$ 14,063	$ 5,254	$ 104,059
1993	57,156	8,299	3,230	68,685
1992	56,213	2,544	1,953	60,710

Geographically segmented information is as follows:

	U.S.	*Canada*	*Corporate*	*Consolidated*
Revenue				
1994	$ 368,989	$ 48,490	$ —	$ 417,479
1993	257,174	45,837	—	303,011
1992	173,742	45,165	—	218,907
Earnings from operations				
1994	$ 114,263	$ 18,079	$ (37,763)	$ 94,579
1993	78,541	16,943	(28,470)	67,014
1992	50,938	17,767	(19,059)	49,646
Total assets				
1994	$ 959,401	$ 87,952	$ 68,383	$1,115,736
1993	642,650	78,663	17,132	738,445
1992	442,747	73,610	12,645	529,002

NOTE 19. RELATED PARTY TRANSACTIONS

As part of the normal course of operations, the Company has found that leasing certain assets is in its best interests rather than owning and has made arrangements to charter a jet aircraft, a motor vessel and a helicopter at competitive market rates from companies with which the Chairman of the Company is associated. For the year ended December 31, 1994, the total costs of the charters amounted to $1,269,000 (1993 – $668,000) of which $132,000 remains outstanding at the year end (1993 – $101,000).

NOTE 20. SUBSEQUENT EVENTS

(a) Acquisitions

During the period from January 1, 1995 to March 17, 1995, the Company acquired 43 funeral homes and 33 cemeteries. The aggregate cost of these transactions was approximately $151,000,000.

As at March 17, 1995, the Company has committed to acquire certain funeral homes and related operations, subject in most instances to certain conditions including approval by the Company's Board of Directors. The aggregate cost of these transactions will be approximately $41,000,000.

(b) Financing

On January 12, 1995, the Company obtained a five year unsecured bank term loan amounting to Canadian $35 million with interest at 10.29%. The Company hedged the interest rate in advance such that the effective interest rate is 10.02%. The funds were used for general corporate purposes.

NOTE 21. UNITED STATES ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. These principles differ in the following material respects from those in the United States as summarized below:

(a) Earnings and retained earnings

	1994	1993	1992
Net earnings in accordance with Canadian GAAP	$ 38,494	$ 28,182	$ 19,766
Less effects of differences in accounting for:			
Change in reporting currency *(d)*	—	693	1,856
Stock options	(220)	(303)	(292)
Income taxes *(c)*	1,378	340	—
Earnings before cumulative effect of changes in accounting principles	39,652	28,912	21,330
Cumulative effect of change in accounting for cemetery revenue recognition	157	(157)	—
Cumulative effect of change in accounting for income taxes *(c)*	—	(26,703)	—
Net earnings in accordance with United States GAAP	39,809	2,052	21,330
Opening retained earnings in accordance with United States GAAP	58,722	58,409	38,211
Common share dividends	(2,869)	(1,739)	(1,132)
Closing retained earnings in accordance with United States GAAP	$ 95,662	$ 58,722	$ 58,409

(b) Share capital and foreign exchange adjustment

	1994	1993	1992
Share capital in accordance with Canadian GAAP	$ 282,560	$ 227,968	$ 172,133
Effect of change in reporting currency	23,518	23,518	23,471
Effect of differences in accounting for stock options	1,722	1,573	1,424
Share capital in accordance with United States GAAP	$ 307,800	$ 253,059	$ 197,028
Foreign exchange adjustment in accordance with Canadian GAAP	$ 13,087	$ 18,055	$ 10,802
Effect of change in reporting currency	(30,906)	(30,906)	(20,767)
Effect of difference in accounting for income taxes	307	129	—
Foreign exchange adjustment in accordance with United States GAAP	$ (17,512)	$ (12,722)	$ (9,965)

(c) Income taxes

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 ("FAS 109"), Accounting for Income Taxes for its financial statement amounts presented under United States GAAP. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. FAS 109 requires temporary differences to be tax effected at current rates whereas under Canadian GAAP, temporary differences are tax effected at historic rates. There was no effect of changes in the tax rates during 1994.

As a result of the adoption of this standard at January 1, 1993, there was a one time charge to earnings of $26,703,000. The cumulative effect of FAS 109 on the consolidated balance sheet at December 31, 1994 is an increase in names and reputations of approximately $34,820,000 (1993 – $7,682,000).

NOTE 21. UNITED STATES ACCOUNTING POLICIES *(continued)*

The Company's deferred tax liabilities under FAS 109 at December 31, are as follows:

	1994	1993
Deferred tax liabilities		
Property and equipment and cemetery property	$ 69,119	$ 40,382
Prearranged funeral service costs	6,113	3,119
Other tax liabilities	3,493	1,374
Total deferred tax liabilities	78,725	44,875
Deferred tax assets		
Net operating losses and other carry forwards	7,716	5,281
Other tax assets	4,351	1,340
Total deferred tax assets before allowances	12,067	6,621
Valuation allowance for deferred tax assets	1,521	1,521
Total deferred tax assets	10,546	5,100
Net deferred tax liabilities	$ 68,179	$ 39,775
United States	$ 67,290	$ 38,042
Canada	889	1,733
	$ 68,179	$ 39,775

(d) Change in reporting currency

Effective January 1, 1994, the Company adopted the United States dollar as its reporting currency and the comparative financial information for 1993 and 1992 for Canadian GAAP purposes has been translated into United States dollars at the December 31, 1993, exchange rate (see Note 1). In accordance with United States GAAP, assets and liabilities for 1993 and 1992 have been translated into United States dollars at the ending exchange rates for each year and the statements of earnings at the average exchange rates for each year.

(e) Earnings per share

The following average number of shares were used for the computation of primary and fully diluted earnings per share:

Thousands of shares	1994	1993	1992
Primary	40,549	37,365	34,399
Fully diluted	40,704	37,741	34,545

Earnings per share in accordance with United States GAAP, are as follows:

	1994	1993	1992
Primary earnings per share			
Earnings before cumulative effect of change in accounting principles	$ 0.98	$ 0.77	$ 0.62
Cumulative effect of change in accounting for income taxes	—	(0.72)	—
	$ 0.98	$ 0.05	$ 0.62
Fully diluted earnings per share			
Earnings before cumulative effect of change in accounting principles	$ 0.98	$ 0.77	$ 0.62
Cumulative effect of change in accounting for income taxes	—	(0.72)	—
	$ 0.98	$ 0.05	$ 0.62

NOTE 22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current period.

SELECTED FINANCIAL INFORMATION

Expressed in thousands of U.S. dollars

	Fiscal years ended December 31						
	1994	*1993*	*1992*	*1991*	*1990*	*1989*	*1988*
FINANCIAL RATIOS							
Gross margin [1]	38.1%	38.0%	38.2%	38.8%	40.2%	42.5%	42.0%
Net margin [1]	9.2%	9.3%	9.0%	8.9%	9.6%	9.5%	9.1%
Long-term debt/equity ratio	1.26:1	1.05:1	1.04:1	1.12:1	1.32:1	1.24:1	2.21:1
Interest coverage ratio *(EBITDA [1]/interest)*	3.6x	4.0x	3.5x	3.4x	3.0x	2.8x	2.8x
ANNUALIZED RATES *of* GROWTH							
Revenue	37.8%	38.4%	34.6%	61.1%	76.2%	52.5%	77.8%
Earnings	36.6%	42.6%	37.0%	48.2%	78.7%	59.3%	138.4%
Fully diluted EPS	27.6%	31.0%	26.1%	21.1%	35.7%	27.3%	69.2%
COMMON SHARE DATA [2]							
Number of Common shares at year-end *(in thousands)*	41,015	38,647	35,534	32,754	28,391	19,977	12,849
Fully diluted EPS	$ 0.97	$ 0.76	$ 0.58	$ 0.46	$ 0.38	$ 0.28	$ 0.22
Common share price at year-end *($Cdn.)*	$ 36.75	$ 33.25	$ 19.63	$ 15.63	$ 12.50	$ 9.31	$ 5.31
Common share price at year-end *($U.S.)*	$ 26.50	$ 25.38	$ 15.50	$ 13.38	$ 10.63	$ n/a	$ n/a
P/E ratio *($U.S. year-end price/EPS)*	27.3x	33.4x	26.7x	29.1x	28.0x	n/a	n/a
OTHER DATA							
Number of funeral homes	641	533	451	365	268	131	98
Number of cemeteries	116	70	38	23	21	7	5
Number of funeral services	93,760	78,847	63,516	52,212	34,124	22,457	17,888
Number of employees	7,097	5,351	4,144	3,382	2,362	1,068	771
Total assets acquired	$ 290.9	$ 160.9	$ 97.4	$ 74.4	$ 152.1	$ 39.0	$ 34.8
Average daily volume							
TSE *($Cdn.)*	$2,227,087	$1,550,986	$ 788,378	$1,247,511	$1,017,835	$ 309,451	$ 89,496
ME *($Cdn.)*	$ 320,341	$ 222,818	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a
Nasdaq National Market	$2,123,807	$ 997,140	$ 408,896	$ 547,000	$ 369,910	$ n/a	$ n/a

[1] *Earnings before interest, dividends on preferred securities of subsidiary, income taxes, depreciation and amortization.*

[2] *After two-for-one stock split on June 12, 1991.*

SELECTED FINANCIAL INFORMATION

Consolidated Balance Sheets[1]
Expressed in thousands of U.S. dollars

	Fiscal years ended December 31						
	1994	1993	1992	1991	1990	1989	1988
ASSETS							
Current assets							
Cash and term deposits	$ 15,349	$ 18,167	$ 12,176	$ 16,035	$ 9,706	$ 17,940	$ 3,180
Receivables, net of allowances	66,255	50,571	37,211	27,451	24,532	10,574	5,882
Income taxes recoverable	4,292	1,113	—	—	531	—	—
Inventories	19,673	15,952	12,323	8,165	6,381	2,919	1,805
Prepaid expenses	4,299	4,941	3,974	2,248	785	956	645
	109,868	90,744	65,684	53,899	41,935	32,389	11,512
Long-term receivables, net of allowances	67,895	30,059	11,460	5,725	2,319	—	—
Investments	46,712	3,749	1,338	915	921	—	—
Cemetery property, at cost	114,861	48,158	24,135	15,939	15,230	3,160	2,859
Property and equipment	426,038	346,244	284,654	216,851	159,438	79,417	52,442
Covenants not to compete	42,282	37,665	34,517	29,366	25,277	4,854	2,015
Names and reputations	272,317	161,849	91,639	58,181	47,705	20,509	15,895
Other assets	35,763	19,977	15,575	10,530	6,881	2,845	4,091
	$1,115,736	$ 738,445	$ 529,002	$ 391,406	$ 299,706	$ 143,174	$ 88,814
LIABILITIES *and* SHAREHOLDERS' EQUITY							
Current liabilities							
Bank indebtedness	$ 3,700	$ 4,435	$ 3,558	$ —	$ 5,404	$ —	$ —
Accounts payable and accrued liabilities	48,436	37,952	22,715	13,601	14,013	6,504	4,188
Income taxes payable	—	—	446	730	—	589	1,582
Long-term debt, current portion	45,529	6,572	7,553	6,073	6,088	4,431	2,990
	97,665	48,959	34,272	20,404	25,505	11,524	8,760
Long-term debt	471,125	335,405	239,162	187,780	141,072	61,280	44,613
Subordinated debentures	—	—	—	—	8,956	8,571	8,240
Other liabilities	52,121	22,327	16,439	9,415	5,956	375	458
Deferred income taxes	8,686	5,864	2,812	1,413	385	1,364	1,485
Preferred securities of subsidiary	75,000	—	—	—	—	—	—
Shareholders' equity							
Share capital	282,560	227,968	172,133	139,151	98,031	49,984	19,394
Retained earnings	115,492	79,867	53,382	34,651	20,720	11,275	6,414
Foreign exchange adjustment	13,087	18,055	10,802	(1,408)	(919)	(1,199)	(550)
	411,139	325,890	236,317	172,394	117,832	60,060	25,258
	$1,115,736	$ 738,445	$ 529,002	$ 391,406	$ 299,706	$ 143,174	$ 88,814

[1] *The Consolidated Balance Sheet for 1993 has been restated as a result of the change in accounting for cemetery revenue recognition. In addition, the Consolidated Balance Sheets for 1988 to 1993 have been restated as a result of the change in reporting currency.*

SELECTED FINANCIAL INFORMATION

Consolidated Statements of Earnings[1]
Expressed in thousands of U.S. dollars except per share amounts

	Fiscal years ended December 31						
	1994	1993	1992	1991	1990	1989	1988
Revenue							
Funeral	$ 353,904	$ 275,106	$ 202,748	$ 150,943	$ 92,391	$ 52,856	$ 35,566
Cemetery	63,575	27,905	16,159	11,662	8,565	4,427	1,987
	417,479	303,011	218,907	162,605	100,956	57,283	37,553
Costs and expenses							
Funeral	210,471	166,782	123,044	90,861	55,237	29,759	20,557
Cemetery	48,003	21,111	12,155	8,657	5,152	3,152	1,240
	258,474	187,893	135,199	99,518	60,389	32,911	21,797
	159,005	115,118	83,708	63,087	40,567	24,372	15,756
Expenses							
General and administrative	35,436	26,908	18,003	13,293	8,347	4,278	2,101
Depreciation and amortization	28,990	21,196	16,059	11,053	5,876	3,254	2,166
	64,426	48,104	34,062	24,346	14,223	7,532	4,267
Earnings from operations	94,579	67,014	49,646	38,741	26,344	16,840	11,489
Interest on long-term debt	34,203	21,801	19,083	14,913	10,914	7,177	4,916
Other (income) expense	(534)	1,317	(917)	(312)	(852)	—	—
Earnings before dividends on preferred securities of subsidiary and income taxes	60,910	43,896	31,480	24,140	16,282	9,663	6,573
Dividends on preferred securities of subsidiary	2,678	—	—	—	—	—	—
Earnings before income taxes	58,232	43,896	31,480	24,140	16,282	9,663	6,573
Income taxes							
Current	17,053	12,501	10,571	8,421	5,776	3,798	2,899
Deferred	2,685	3,213	1,143	1,294	773	417	253
	19,738	15,714	11,714	9,715	6,549	4,215	3,152
Net earnings for the year	$ 38,494	$ 28,182	$ 19,766	$ 14,425	$ 9,733	$ 5,448	$ 3,421
Basic earnings per share[2]	$ 0.97	$ 0.77	$ 0.59	$ 0.46	$ 0.39	$ 0.31	$ 0.23
Fully diluted earnings per share[2]	$ 0.97	$ 0.76	$ 0.58	$ 0.46	$ 0.38	$ 0.28	$ 0.22

[1] *The Consolidated Statement of Earnings for 1993 has been restated as a result of the change in accounting for cemetery revenue recognition. In addition, the Consolidated Statements of Earnings for 1988 to 1993 have been restated as a result of the change in reporting currency.*

[2] *After two-for-one stock split on June 12, 1991.*

SELECTED FINANCIAL INFORMATION

Consolidated Statements of Earnings[1]
Expressed in thousands of U.S. dollars except per share amounts

1994	Fiscal quarters ended (Unaudited) March 31	June 30	Sept. 30.	Dec. 31	Year ended Dec. 31
Revenue					
Funeral	$ 85,217	$ 82,660	$ 89,527	$ 96,500	$ 353,904
Cemetery	11,693	14,531	17,321	20,030	63,575
	96,910	97,191	106,848	116,530	417,479
Costs and expenses					
Funeral	49,729	49,630	54,407	56,705	210,471
Cemetery	8,761	10,995	13,077	15,170	48,003
	58,490	60,625	67,484	71,875	258,474
	38,420	36,566	39,364	44,655	159,005
Expenses					
General and administrative	8,109	8,333	9,277	9,717	35,436
Depreciation and amortization	6,278	6,794	7,875	8,043	28,990
	14,387	15,127	17,152	17,760	64,426
Earnings from operations	24,033	21,439	22,212	26,895	94,579
Interest on long-term debt	7,212	8,082	9,294	9,615	34,203
Other (income) expense	18	(347)	(34)	(171)	(534)
Earnings before dividends on preferred securities of subsidiary and income taxes	16,803	13,704	12,952	17,451	60,910
Dividends on preferred securities of subsidiary	—	—	906	1,772	2,678
Earnings before income taxes	16,803	13,704	12,046	15,679	58,232
Income taxes					
Current	4,854	3,880	3,105	5,214	17,053
Deferred	1,446	1,103	1,115	(979)	2,685
	6,300	4,983	4,220	4,235	19,738
Net earnings for the year	$ 10,503	$ 8,721	$ 7,826	$ 11,444	$ 38,494
Basic earnings per share	$ 0.27	$ 0.22	$ 0.19	$ 0.29	$ 0.97
Fully diluted earnings per share	$ 0.27	$ 0.22	$ 0.19	$ 0.29	$ 0.97
COMMON SHARE PRICE DATA					
Toronto Stock Exchange *($Cdn.)*					
Period high	$ 37.50	$ 35.50	$ 34.88	$ 37.00	$ 37.50
Period low	$ 33.13	$ 30.38	$ 30.50	$ 30.63	$ 30.38
Nasdaq National Market *($U.S.)*					
Period high	$ 27.38	$ 25.75	$ 25.38	$ 26.50	$ 27.38
Period low	$ 24.13	$ 22.00	$ 22.69	$ 22.75	$ 22.00

[1] *The Consolidated Statements of Earnings for fiscal quarters ended March 31, June 30 and September 30 have been restated as a result of the change in cemetery revenue recognition.*

SELECTED FINANCIAL INFORMATION

Consolidated Statements of Earnings[1]
Expressed in thousands of U.S. dollars except per share amounts

1993	*Fiscal quarters ended (Unaudited)* March 31	June 30	Sept. 30	Dec. 31	*Year ended* Dec. 31
Revenue					
Funeral	$ 66,198	$ 64,574	$ 67,226	$ 77,108	$ 275,106
Cemetery	5,514	6,723	7,169	8,499	27,905
	71,712	71,297	74,395	85,607	303,011
Costs and expenses					
Funeral	39,351	39,660	42,188	45,583	166,782
Cemetery	4,150	5,043	5,500	6,418	21,111
	43,501	44,703	47,688	52,001	187,893
	28,211	26,594	26,707	33,606	115,118
Expenses					
General and administrative	6,084	6,403	6,969	7,452	26,908
Depreciation and amortization	4,887	4,990	5,516	5,803	21,196
	10,971	11,393	12,485	13,255	48,104
Earnings from operations	17,240	15,201	14,222	20,351	67,014
Interest on long-term debt	5,195	4,915	5,546	6,145	21,801
Other (income) expense	(42)	195	28	1,136	1,317
Earnings before dividends on preferred securities of subsidiary and income taxes	12,087	10,091	8,648	13,070	43,896
Dividends on preferred securities of subsidiary	—	—	—	—	—
Earnings before income taxes	12,087	10,091	8,648	13,070	43,896
Income taxes					
Current	4,061	3,229	1,157	4,054	12,501
Deferred	442	441	1,927	403	3,213
	4,503	3,670	3,084	4,457	15,714
Net earnings for the year	$ 7,584	$ 6,421	$ 5,564	$ 8,613	$ 28,182
Basic earnings per share	$ 0.21	$ 0.18	$ 0.15	$ 0.23	$ 0.77
Fully diluted earnings per share	$ 0.21	$ 0.18	$ 0.15	$ 0.22	$ 0.76

COMMON SHARE PRICE DATA

Toronto Stock Exchange *($Cdn.)*					
Period high	$ 23.25	$ 27.25	$ 32.38	$ 36.25	$ 36.25
Period low	$ 19.00	$ 20.88	$ 26.75	$ 30.25	$ 19.00
Nasdaq National Market *($U.S.)*					
Period high	$ 18.63	$ 21.25	$ 24.25	$ 27.25	$ 27.25
Period low	$ 14.88	$ 16.38	$ 20.75	$ 23.38	$ 14.88

[1] *The Consolidated Statements of Earnings for the fiscal quarters ended March 31, June 30, September 30 and December 31 and for the year ended December 31 have been restated as a result of the change in cemetery revenue recognition and the change in reporting currency.*

SUMMARY *of* FUNERAL HOMES *by* LOCATION

December 31,	*1994*	*1993*	*1992*	*1991*	*1990*	*1989*	*1988*
UNITED STATES							
Alabama	12	12	8	8	5	—	—
Alaska	2	2	2	—	—	—	—
Arizona	1	1	2	2	2	—	—
California	46	41	34	30	25	18	15
Colorado	1	—	—	—	—	—	—
District of Columbia	1	1	1	1	1	—	—
Florida	45	46	32	20	—	—	—
Georgia	34	29	10	5	—	—	—
Idaho	1	1	—	—	—	—	—
Illinois	8	8	9	7	1	—	—
Indiana	21	13	12	12	12	—	—
Kansas	2	2	2	2	—	—	—
Kentucky	22	15	9	7	5	—	—
Louisiana	3	—	—	—	—	—	—
Massachusetts	16	15	15	12	4	2	—
Michigan	6	4	4	—	—	—	—
Minnesota	7	7	7	7	7	—	—
Mississippi	27	26	27	20	17	—	—
Montana	7	7	—	—	—	—	—
Nevada	3	—	—	—	—	—	—
New Hampshire	1	1	1	1	1	—	—
New Mexico	5	5	5	5	3	2	2
New York	15	10	3	—	—	—	—
North Carolina	40	31	29	22	14	—	—
North Dakota	4	4	4	4	—	—	—
Ohio	17	16	12	9	9	—	—
Oklahoma	28	24	23	18	18	9	—
Oregon	11	10	9	9	9	2	2
Pennsylvania	3	2	2	2	2	—	—
South Carolina	8	8	8	3	2	—	—
South Dakota	3	—	—	—	—	—	—
Tennessee	31	25	25	24	11	—	—
Texas	51	26	21	12	6	2	—
Virginia	17	12	10	6	3	—	—
Washington	19	19	19	19	19	13	3
West Virginia	9	6	6	4	3	—	—
Wisconsin	7	7	7	5	3	—	—
Wyoming	2	1	1	1	—	—	—
Total United States Locations	536	437	359	277	182	48	22
CANADA							
British Columbia	25	24	22	21	21	19	16
Alberta	6	4	4	3	3	3	—
Saskatchewan	25	26	26	24	22	22	20
Manitoba	4	4	3	3	3	3	3
Ontario	21	19	18	18	18	17	15
Quebec (sold May 1989)	—	—	—	—	—	—	5
Nova Scotia	14	14	14	14	14	14	12
Prince Edward Island	5	5	5	5	5	5	5
Total Canadian locations	100	96	92	88	86	83	76
PUERTO RICO	4	—	—	—	—	—	—
MEXICO	1	—	—	—	—	—	—
TOTAL LOCATIONS	641	533	451	365	268	131	98

CORPORATE DIRECTORY

THE LOEWEN GROUP INC.

Directors

Raymond L. Loewen
Chairman of the Board and Chief Executive Officer The Loewen Group Inc.

Rev. Kenneth S. Bagnell
Author and Clergyperson

Dr. Earl A. Grollman
Author and Lecturer

Timothy R. Hogenkamp
President and Chief Operating Officer The Loewen Group Inc.

Senator Harold E. Hughes
Chief Executive Officer, Harold Hughes Centers and Chairman of the Board, Society of Americans for Recovery, Inc.

Peter S. Hyndman
Vice-President, Law and Corporate Secretary The Loewen Group Inc.

Albert S. Lineberry, Sr.
Chairman of the Board Gaines Corporation and Former Representative in the North Carolina General Assembly

Charles B. Loewen
Vice-Chairman Loewen, Ondaatje, McCutcheon Limited

Robert B. Lundgren
Retired

James D. McLennan
President, McLennan Group

Ernest G. Penner
President Penn-Co Construction Ltd.

The Right Honourable John N. Turner, P.C., Q.C.
Partner, Miller Thomson Barristers & Solicitors

Paul Wagler
Senior Vice-President, Finance and Chief Financial Officer The Loewen Group Inc.

A.M. Bruce Watson
Executive Vice-President The Loewen Group Inc.

CORPORATE MANAGEMENT

Raymond L. Loewen*
Chairman of the Board and Chief Executive Officer

Timothy R. Hogenkamp*
President and Chief Operating Officer

A.M. Bruce Watson*
Executive Vice-President

Paul Wagler*
Senior Vice-President, Finance and Chief Financial Officer

Robert O. Wienke*
Senior Vice-President, Law and General Counsel

Lawrence Miller*
President, Cemetery and Combination Division

William R. Shane*
Senior Vice-President and Chief Financial Officer, Cemetery and Combination Division

Dwight K. Hawes*
Vice-President, Finance

Peter W. Roberts*
Vice-President Financial Information Systems and Corporate Controller

David FitzSimmons*
Vice-President, Operations

Myles S. Cairns*
Vice-President, Operations Controller

Peter S. Hyndman*
Vice-President, Law and Corporate Secretary

Timothy A. Birch*
Vice-President Corporate Development & Law

H. Steven Childress
Vice-President, Cemetery and Combination Operations

Gregg A. Strom
Vice-President, Cemeteries

Kenneth E. Lee, Jr.
Vice-President Combination Funeral Homes

Ronald P. Robertson
Vice-President, Cemetery Sales

Michael L. Schweer
Vice-President, Operations North Central Division

F. Duane Schaefer
Vice-President, Operations South Central Division

William V. Hocker
Vice-President, Operations Mid-Central Division

Dillis E. Ward
Vice-President, Operations Western Division

John E. Malletta, Sr.
Vice-President, Operations Mountain Division

J.C. (Buddy) Carothers, Jr.
Vice-President, Operations Mid-South Division

George M. Amato
Vice-President, Operations Northeast Division

Gary L. Wright
Vice-President, Operations Southeast Division

Albert S. Lineberry, Jr.
Vice-President, Operations East Central Division

Harry C. B. Rath
Director of Operations Eastern Canada

Peter A. Wiesner
Director of Operations Western Canada

Douglas D. Routley
Controller

Donald L. Holmstrom
Director, Corporate Development

Jean-Pierre Gabillé
Senior Manager Corporate Development

Richard Derbawka
Manager, Corporate Development

Peter Kubasek
Manager, Corporate Development

Todd Van Beck
Director of Professional Development

Donna Campbell
Director of Regulatory Affairs and Corporate Counsel

Mary Andres
Director of Marketing

Keith Ashby
Director, Celebration of Life

Tom Coomes
Director, Advanced Planning

Roger Ryan
Director, Taxation

Mark Rhyne
Director of Budgeting and Operational Audits

Gary Stecz
Director, Operations Analysis

OPERATIONS / REGIONAL MANAGEMENT

Canada

Donald J. Campbell
Assistant Regional Manager Alberta, Saskatchewan and Manitoba

Ronald G. Collins
Regional Manager, Ontario

Douglas J. Irving
Regional Manager British Columbia

Greg C. MacDonald
Regional Manager, Nova Scotia

Allison D. Swan
Regional Manager Prince Edward Island

United States

Charles H. Benton
Regional Manager, Alabama

Marc Bluestein
Regional Sales Manager, Eastern United States Cemetery Operations

Jeffrey L. Cashner
Regional General Manager West Region Cemetery Operations

J. Gary Curry
Regional Manager, Georgia

John T. Dickson III
Regional Manager North California and Oregon

Kenneth P. Duffy
Regional Manager, New York, Pennsylvania and District of Columbia

Bruce E. Earthman
Regional Manager, Earthman Group

Robert C. Eastgate
Regional Manager, North Dakota

Mark R. Engle
Regional Manager, Illinois, Kentucky, West Virginia and Tennessee

Johnny J. Gallegos
Regional Manager South Central Texas

Thomas F. Glodek
Regional Manager, Minnesota, Wisconsin, Florida and Lee County

Mark Goodwin
Regional Manager, Oklahoma City and Divisional Controller Mid-Central / Mountain Division

Vince E. Hawkins
Regional Manager, West Texas

J. Bird Hodges
Regional Manager, Georgia

Mel Kerr
Regional General Manager South Region Cemetery Operations

Richard R. Krueger
Regional Manager North Central Texas

Michael L. Loudon
Regional Manager Whitehurst California

J.B. Malletta, Jr.
Regional Manager, Mountain Region

Martin P. Mattis
Regional Manager Indiana, Ohio, and Tennessee

Herbert A. (Buddy) Mayes
Regional Manager, Tennessee, North Carolina and Virginia

Jeffrey S. Miller
Regional Manager Michigan, Ohio and Indiana

Robert P. Pence
Regional General Manager Northeast Region Cemetery Operations

Dennis R. Phillips
Regional Manager Oklahoma and Kansas

William C. Rhinehart
Regional Manager, The Carolinas

David F. Riemann
Regional Manager,Mississippi

Gregory K. Rollings
Regional Manager Southern California

Robert D. Russell
Regional Manager Florida / Puerto Rico

Charles V. Sherwood
Regional Manager New Mexico and Arizona

James C. Shipman
Regional Manager Washington and Alaska

Bob Stache
Regional Sales Manager North Central United States Cemetery Operations

Mike Stache
Regional General Manager North Central Region Cemetery Operations

Milt J. Stock
Regional Manager Illinois, Indiana, Ohio and Kentucky

Robert L. Studley
Regional Manager, Massachusetts and New Hampshire

William C. Wagner
Regional Manager, New York

Ellis Wright
Regional Manager, Mississippi

LOEWEN GROUP INTERNATIONAL, INC.

Directors

Raymond L. Loewen
Chairman of the Board and Chief Executive Officer The Loewen Group Inc.

George M. Amato
Vice-President, Operations North East Division The Loewen Group Inc.

Dr. Gordon S. Bigelow
Executive Director, American Board of Funeral Service Education

J.C. (Buddy) Carothers, Jr.
Vice-President, Operations Mid-South Division The Loewen Group Inc.

H. Steven Childress
Vice-President, Cemetery and Combination Operations The Loewen Group Inc.

Edward J. Fitzgerald
President, Fitzgerald & Son Funeral Directors, Inc.

Honorine T. Flanagan
President, Custer Christiansen Covina Mortuary, Inc.

Thomas F. Glodek
Regional Manager Minnesota, Wisconsin, Florida and Lee Country The Loewen Group Inc.

Enrique Gonzalez
Regional Manager, Mexico

Dr. Earl A. Grollman
Author and Lecturer

Timothy R. Hogenkamp
President and Chief Operating Officer The Loewen Group Inc.

Mary M. Howard
President, Conejo Mountain Memorial Park

Peter S. Hyndman
Vice-President, Law and Corporate Secretary The Loewen Group Inc.

Albert S. Lineberry, Jr.
Vice-President, Operations East Central Division The Loewen Group Inc.

Michael L. Loudon
Regional Manager Whitehurst California The Loewen Group Inc.

John E. Malletta, Sr.
Vice-President, Operations Mountain Division The Loewen Group Inc.

Hoyt (Pat) Mayes
President, Guardian/Mayes Funeral Directors, Inc.

Lawrence Miller
President, Cemetery and Combination Division The Loewen Group Inc.

John T. Mullins
President, Mullins Holding Company

David F. Riemann
Regional Manager, Mississippi The Loewen Group Inc.

Robert D. Russell
Regional Manager Florida / Puerto Rico The Loewen Group Inc.

Michael L. Schweer
Vice-President, Operations North Central Division The Loewen Group Inc.

Billy Joe (Bill) Seale
President Bell-Seale Funeral Home, Inc.

William R. Shane
Senior Vice-President and Chief Financial Officer, Cemetery and Combination Division The Loewen Group Inc.

Sandra C. Strong
President Strong-Thorne Mortuary Inc.

Robert L. Studley
Regional Manager, Massachusetts and New Hampshire The Loewen Group Inc.

Paul Wagler
Senior Vice-President, Finance and Chief Financial Officer The Loewen Group Inc.

A.M. Bruce Watson
Executive Vice-President The Loewen Group Inc.

Robert O. Wienke
Senior Vice-President, Law and General Counsel The Loewen Group Inc.

John R. Wright, Sr.
President, Wright & Ferguson Funeral Home

AUDITORS

KPMG Peat Marwick Thorne
Vancouver, British Columbia

PRINCIPAL BANKERS

First National Bank of Chicago

Wachovia Bank of Georgia, N.A.

Royal Bank of Canada

Bank of Montreal

ABN AMRO Bank N.V.

Bank of Nova Scotia

First Union National Bank of North Carolina

Nationsbank of Texas, N.A.

Seattle-First National Bank

Dresdner Bank Canada

PNC Bank, Ohio National Association

Star Bank, N.A.

GENERAL COUNSEL

Russell & DuMoulin
Vancouver, British Columbia

Thelen, Marrin, Johnson & Bridges
San Francisco, California

Borden & Elliot
Toronto, Ontario

TRANSFER AGENT AND REGISTRAR FOR COMMON SHARES OF THE LOEWEN GROUP INC.

The R-M Trust Company

LISTED ON THE NASDAQ NATIONAL MARKET, THE TORONTO STOCK EXCHANGE AND THE MONTREAL EXCHANGE

Stock Symbols:

TSE: LWN
ME: LWN
NNM: LWNGF

TRANSFER AGENT AND REGISTRAR FOR PREFERRED SECURITIES OF LOEWEN GROUP CAPITAL, L.P.

Chemical Mellon Shareholder Services

LISTED ON THE NEW YORK STOCK EXCHANGE UNDER THE SYMBOL LWNPR

* *Executive Officers of The Loewen Group Inc.*

THE LOEWEN GROUP INC. BOARD *of* DIRECTORS

The Loewen Children's Foundation

If you would like more information about The Loewen Children's Foundation, please take a moment to fill out and mail this reply card or call the number listed below. If you would like to make a donation, a tax receipt will be issued.

The Loewen Children's Foundation is dedicated to supporting hospice programs for children with life-threatening diseases. When cure is no longer possible, the Foundation assists organizations in providing comfort, care and quality of life to terminally-ill children and their families.

☐ Please send me information on how I can help.

Name ....

Address ....

....

Donations may be forwarded to :
Mary Andres, Executive Director, The Loewen Children's Foundation
50 East River Center Blvd., Suite 820, Covington, Kentucky, USA 41011
Telephone (606) 655-7130

affix postage here

MARY ANDRES
Executive Director

THE LOEWEN CHILDREN'S FOUNDATION
50 East River Center Blvd.
Suite 820
Covington, Kentucky
USA 41011

CORPORATE OFFICES

Canada
4126 Norland Avenue, Burnaby, British Columbia V5G 3S8
Tel: (604) 299-9321 Fax: (604) 473-7330

United States
50 East River Center Blvd., Suite 820, Covington, Kentucky 41011
Tel: (606) 431-6663 Fax: (606) 655-7155

Investor Relations
Contact: Paul Wagler
U.S. Tel: (606) 655-7225
or Canada Tel: (604) 293-9277

THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE LOEWEN GROUP INC. WILL BE HELD AT 2:30 P.M. ON MAY 17, 1995 AT THE PAN PACIFIC HOTEL IN VANCOUVER, BRITISH COLUMBIA.

THE LOEWEN GROUP INC., 4126 Norland Avenue, Burnaby, British Columbia, Canada V5G 3S8

AR23

THE LOEWEN GROUP INC.

Notice of Annual General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "Meeting") of the shareholders of The Loewen Group Inc. (the "Company") will be held at Pavilion A, in the Pan Pacific Hotel, 999 Canada Place, Vancouver, British Columbia, Canada, at 2:30 p.m. (Pacific Daylight Time) on Wednesday, the 17th day of May, 1995, for the following purposes:

1. to receive the report of the directors to the shareholders and the financial statements of the Company for the year ended December 31, 1994, together with the report of the auditors thereon;
2. to elect directors for terms of office as more particularly described in the accompanying Proxy Statement and Information Circular;
3. to appoint auditors for the ensuing year;
4. to authorize the directors to fix the remuneration to be paid to the auditors;
5. to consider and if thought advisable to pass an ordinary resolution to amend the Employee Stock Option Plan (United States) by increasing the number of Common shares issuable thereunder by 600,000 Common shares;
6. to consider and if thought advisable to pass an ordinary resolution to re-confirm the Shareholder Protection Rights Plan Agreement; and
7. to consider such other matters as may properly be brought before the Meeting or any adjournment or postponement thereof.

The share transfer books of the Company will not be closed, but the Board of Directors has fixed March 29, 1995 as the record date for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Each registered holder of Common shares without par value of the Company ("Common shares") at the close of business on that date is entitled to such notice and to vote at the Meeting in the circumstances set out in the accompanying Proxy Statement and Information Circular.

A Proxy Statement and Information Circular and form of proxy accompany this Notice of Meeting.

Shareholders who are registered holders of Common shares and who are unable to attend or who are not expecting to be present at the Meeting in person are requested to date and sign the enclosed form of proxy and return it in the envelope provided for that purpose. Forms of proxy must be received by The R-M Trust Company, at Concourse Level, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3 (fax number (604) 688-4301) not later than 10:00 a.m. (Pacific Daylight Time) on Tuesday, the 16th day of May, 1995.

Shareholders who are not registered holders receiving the Meeting materials from their broker or other representative are requested to complete and return the materials as instructed by such broker or other representative.

DATED at Burnaby, British Columbia, Canada, the 10th day of April, 1995.

BY ORDER OF THE BOARD

Ray Loewen

Raymond L. Loewen,
Chairman of the Board and Chief Executive Officer

THE LOEWEN GROUP INC.

4126 Norland Avenue
Burnaby, British Columbia, Canada
V5G 3S8

Proxy Statement and Information Circular

In connection with the Annual General Meeting to be held on May 17, 1995

Dated as of April 10, 1995

SOLICITATION OF PROXIES

THIS PROXY STATEMENT AND INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF THE LOEWEN GROUP INC. (THE "COMPANY") OF PROXIES TO BE USED AT THE ANNUAL GENERAL MEETING (THE "MEETING") OF SHAREHOLDERS OF THE COMPANY to be held at Pavilion A, in the Pan Pacific Hotel, 999 Canada Place, Vancouver, British Columbia, Canada, at 2:30 p.m. (Pacific Daylight Time) on Wednesday, the 17th day of May, 1995 and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders ("Notice of Meeting"). References in this Proxy Statement and Information Circular to "Shareholder" or "Shareholders" are references to the holder or holders of Common shares in the capital of the Company, unless the context otherwise requires. References in this Proxy Statement and Information Circular to "Subsidiaries" are references to the direct or indirect subsidiaries of the Company, unless the context otherwise requires.

All amounts are expressed in United States dollars, unless indicated otherwise. For all fiscal years prior to 1994, amounts in Canadian dollars have been translated into United States dollars as required under Canadian generally accepted accounting principles at the December 31, 1993 rate of $1 United States = $1.3217 Canadian. The rate $1 United States = $1.3657 Canadian was used to convert Canadian dollar amounts for the 1994 fiscal year.

The total cost of solicitation of proxies will be borne by the Company. The solicitation of proxies is being made initially by mail. The directors, officers and other employees of the Company may solicit proxies in person, by telephone, by mail or other means. Investment bankers, brokers, banks and other persons will be reimbursed by the Company for expenses they incur in forwarding proxy material to obtain voting instructions from beneficial Shareholders. The Company also intends to use the services of D. F. King & Co., Inc. to assist in the solicitation of proxies. The cost of such proxy solicitation services to be rendered to the Company is estimated to be $6,500 plus customary out-of-pocket expenses.

This Proxy Statement and Information Circular and the enclosed form of proxy are first being sent to Shareholders on or about April 12, 1995.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named as proxyholders in the enclosed form of proxy (the "designated persons") were designated by the directors of the Company. **A SHAREHOLDER DESIRING TO APPOINT A PERSON (WHICH MAY BE A COMPANY) TO ATTEND AND ACT FOR AND ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE PERSONS DESIGNATED AS PROXYHOLDERS IN THE ENCLOSED FORM OF PROXY, MAY DO SO BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON (NEITHER OF WHOM NEED BE A SHAREHOLDER) IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY.** The completed form of proxy must be received by The R-M Trust Company at Concourse Level, 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3 (fax number (604) 688-4301) not later than 10:00 a.m. (Pacific Daylight Time) on Tuesday, the 16th day of May, 1995.

A proxy may not be valid unless it is dated and signed by the Shareholder who is giving it or by that Shareholder's attorney-in-fact duly authorized by that Shareholder in writing, or, in the case of a corporation, dated and executed under its corporate seal or by any officer or officers of, or attorney-in-fact for, the corporation duly authorized. If a form of proxy is executed by an attorney-in-fact for an individual Shareholder or joint Shareholders or by an officer or officers or attorney-in-fact for a corporate Shareholder not under its corporate seal, the instrument so empowering the officer or officers or attorney-in-fact, as the case may be, or a notarial copy thereof, should accompany the form of proxy.

A Shareholder who has given a proxy may revoke it any time before it is exercised by an instrument in writing (a) executed by that Shareholder or by that Shareholder's attorney-in-fact authorized in writing or, where that Shareholder is a corporation, by a duly authorized officer, or attorney-in-fact, of the corporation; and (b) delivered either (i) to the registered office of the Company at Suite 2100-1075 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3G2 at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the Chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof; or in any other manner provided by law. Attendance at the Meeting and participation in a poll (ballot) by a Shareholder will automatically revoke the proxy. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES AND EXERCISE OF DISCRETION BY PROXYHOLDERS

If a poll (ballot) is taken and the instructions are certain, the designated persons in the enclosed form of proxy will vote for or against, or will withhold or abstain from voting, as the case may be, the shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **IN THE ABSENCE OF SUCH DIRECTION, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED ON ANY POLL (BALLOT) FOR THE APPROVAL OF ALL OF THE MATTERS IN THE ITEMS SET OUT IN THE FORM OF PROXY AND IN FAVOR OF EACH OF THE NOMINEES NAMED THEREIN FOR ELECTION AS DIRECTORS.** The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to any matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Proxy Statement and Information Circular, the management of the Company knew of no such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions or withholding the voting of shares on any matter, the shares which are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative votes on the matter to be voted upon.

Participants in the Company's Employee Stock Bonus Plan who receive this Proxy Statement and Information Circular in such capacity will be receiving a voting instruction form instead of a form of proxy.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of 543,000,000 shares divided into 500,000,000 Common shares without par value (the "Common shares"), 40,000,000 Class A shares without par value (the "Class A shares") and 3,000,000 First Preferred Shares without par value of which 1,000,000 shares are designated as 7.75% Cumulative Redeemable Convertible First Preferred Shares, Series A ("Series A First Preferred Shares") and 425,000 shares are designated as Convertible First Preferred Shares, Series B ("Series B First Preferred Shares"). As of the date hereof, there are no Class A shares, Series A First Preferred Shares or Series B First Preferred Shares outstanding. All of the Series B First Preferred Shares have been allotted for issuance pursuant to the Company's 1994 Management Equity Investment Plan (described in the information circular of the Company dated as of April 11, 1994 in connection with the annual general meeting held on May 16, 1994). The Company has no current intention to issue Class A shares or Series A First Preferred Shares.

The record date for determining the names of Shareholders entitled to receive the Notice of Meeting and to vote at the Meeting is the close of business on March 29, 1995. As at the close of business on March 29, 1995, there were 41,179,167 Common shares issued and outstanding.

Each Common share will be entitled to one vote on a poll (ballot).

On voting for directors to be elected at the Meeting, the four nominees receiving the highest number of votes will be elected.

Any resolution presented to the Meeting which calls for a vote for or against an ordinary resolution requires, in order to pass, the affirmative vote of a simple majority of the votes cast at the Meeting. The resolution to be presented to the Meeting to approve the amendment to the Employee Stock Option Plan (United States) requires the affirmative vote of a simple majority of votes cast at the meeting by disinterested Shareholders. For this purpose, disinterested Shareholders means Shareholders other than the insiders of the Company to whom Common shares may be issued pursuant to such Plan, together with associates of such insiders.

The resolution to be presented to the Meeting to re-confirm the Shareholder Protection Rights Plan Agreement requires the affirmative vote of a simple majority of votes of Independent Shareholders. For this purpose, Independent Shareholders means generally the holders of Common shares of the Company excluding certain persons holding 20% or more of the Common shares, persons who have made a take-over bid and persons acting jointly or in concert with or who are associates or affiliates of such persons. The directors are not aware of any Shareholders who are not Independent Shareholders at the date of this Proxy Statement and Information Circular.

The directors and senior officers of the Company are not aware of any person or company who beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than five per cent (5%) of the voting rights attached to the Common shares of the Company as at the close of business on March 29, 1995 other than:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Raymond L. Loewen The Loewen Group Inc. 4126 Norland Avenue Burnaby, British Columbia V5G 3S8	8,522,381 (1)	20.54%
First Interstate Bancorp 633 West 5th Street Los Angeles, California 90071	4,287,565 (2)	10.41%
Provident Investment Counsel 300 North Lake Avenue Pasadena, California 91101	3,116,765 (3)	7.57%
Putnam Investments, Inc. One Post Office Square Boston, Massachusetts 02109	2,661,193 (4)	6.46%

(1) The Common shares reported by Mr. R. Loewen include, as at March 29, 1995, 2,254,838 Common shares owned by his wife, Anne Loewen. Mrs. Loewen has sole voting and dispositive power with respect to her shares and Mr. R. Loewen disclaims beneficial ownership of such shares. The Common shares reported by Mr. R. Loewen also include 310,000 Common shares which Mr. R. Loewen has the right to acquire within 60 days of March 29, 1995, but does not actually own.

(2) Information as to the amount and nature of beneficial ownership was obtained from the Schedule 13G filed by First Interstate Bancorp with the Securities and Exchange Commission (the "SEC") on or about February 10, 1995. The Schedule 13G reflects that as of December 31, 1994 First Interstate Bancorp had sole voting power with respect to 2,224,250 Common shares, shared voting power with respect to 341,766 Common shares, sole dispositive power with respect to 3,524,150 Common shares and shared dispositive power with respect to 763,415 Common shares.

(3) Information as to the amount and nature of beneficial ownership was obtained from the Schedule 13G filed with the SEC on or about February 7, 1995 by Provident Investment Counsel ("Provident") and Robert M. Kommerstad, a shareholder of Provident who has the same address as Provident. Mr. Kommerstad is deemed to be the indirect beneficial owner of the Common shares beneficially owned by Provident because, as the sole voting trustee of a voting trust that holds all of the outstanding securities of Provident, he is deemed to control Provident. The Schedule 13G reflects that as of December 31, 1994, Provident and Mr. Kommerstad shared voting power with respect to 2,501,965 Common shares and shared dispositive power with respect to 3,116,765 Common shares.

(4) Information as to the amount and nature of beneficial ownership was obtained from the Schedule 13G filed by Putnam Investments, Inc. ("PI") with the SEC on or about January 30, 1995. The following information was provided as of December 31, 1994. PI is the parent of Putnam Investment Management, Inc. ("PIM") and The Putnam Advisory Company, Inc. ("PAC"). The address of each of PIM and PAC is One Post Office Square, Boston, Massachusetts 02109. Marsh McLennan Companies, Inc. ("MMC"), the address of which is 1166 Avenue of the Americas, New York, New York 10036 is the parent of PI. PI has shared voting power with respect to 183,207 Common shares and shared dispositive power with respect to 2,661,193 Common shares. PIM has shared dispositive power with respect to 2,382,970 Common shares. PAC has shared voting power with respect to 183,207 Common shares and shared dispositive power with respect to 278,223 Common shares. MMC, the ultimate holding company parent, has no voting or dispositive power with respect to the Common shares held by PI, PIM and PAC. MMC and PI disclaim beneficial ownership with respect to the Common shares held by PIM and PAC.

The following table shows: (i) the number of the Company's Common shares beneficially owned by directors, nominees, the Named Executive Officers identified in the Summary Compensation Table that appears on page 10 and all directors, nominees and executive officers as a group, as of March 29, 1995 (excluding shares which such persons have the right to acquire within 60 days of March 29, 1995 but do not actually own), (ii) the number of the Company's Common shares which such persons have the right to acquire within 60 days of March 29, 1995, but do not actually own, and (iii) the total number of the Company's Common shares which such persons own and have the right to acquire within 60 days of March 29, 1995. Including the shares which the identified persons have the right to acquire but do not own, the Common shares beneficially owned by all directors, nominees and executive officers as a group, other than Raymond L. Loewen, represent less than 1% percent of the total number of Common shares outstanding.

Name	Number of Shares Beneficially Owned, Excluding Right to Acquire Shares (1)	Right to Acquire Shares Within 60 Days	Total Number of Shares Beneficially Owned
Directors			
Reverend Kenneth S. Bagnell	5,800	nil	5,800
Dr. Earl A. Grollman	8,000	2,000	10,000
Timothy R. Hogenkamp	40,837	21,000	61,837
Senator Harold E. Hughes	1,000	1,000	2,000
Peter S. Hyndman	5	12,000	12,005
Charles B. Loewen	7,400	2,000	9,400
Raymond L. Loewen (2)	8,212,381	310,000	8,522,381
Robert B. Lundgren	6,505	2,000	8,505
James D. McLennan	1,100	1,000	2,100
A.M. Bruce Watson (3)	4,405	11,700	16,105
Nominees			
Albert S. Lineberry, Sr.	4,800	4,000	8,800
Ernest G. Penner	nil	2,000	2,000
The Rt. Hon. John N. Turner, P.C., Q.C.	2,000	nil	2,000
Paul Wagler	nil	nil	nil
Named Executive Officers Who Are Not Directors or Nominees			
George M. Amato	505	40,000	40,505
David FitzSimmons (4)	30	1,700	1,730
Robert W. Garnett	905	nil	905
All Directors, Nominees and Executive Officers as a Group (24 persons) (5)(6)	8,317,438	434,400	8,751,838

(1) In some instances voting and dispositive power is shared with the spouse of the identified person.

(2) Includes 2,254,838 shares owned by Mr. R. Loewen's wife, Anne Loewen. Mrs. Loewen has sole voting and dispositive power with respect to such shares and Mr. R. Loewen disclaims beneficial ownership of such shares.

(3) Includes 200 shares owned by Mr. Watson's age of minority son and 200 shares owned by Mr. Watson's age of minority daughter as to which Mr. Watson has voting and dispositive power. Also includes 1,500 shares owned by Mr. Watson's wife. Mrs. Watson has sole voting and dispositive power with respect to her shares and Mr. Watson disclaims beneficial ownership of such shares.

(Footnotes continue on following page)

(4) Includes 20 shares owned by Mr. FitzSimmons' age of majority son and 5 shares owned by Mr. FitzSimmons' age of minority daughter as to which Mr. FitzSimmons has voting and dispositive power.

(5) Includes 20 shares beneficially owned by a trust for two age of minority children of one executive officer as to which such officer has voting and dispositive power and 2,000 shares owned by the wife of the same executive officer, as to which she has sole voting and dispositive power and such executive officer disclaims beneficial ownership of such shares; and 175 shares owned by the wife of one executive officer, as to which she has sole voting and dispositive power and such executive officer disclaims beneficial ownership of such shares.

(6) For purposes of this table, determination of "Executive Officer" was made pursuant to the rules of the SEC which, in certain circumstances, is different than such determination pursuant to the *Securities Act* of British Columbia.

ELECTION OF DIRECTORS

The Board of Directors of the Company presently consists of 14 directors' positions. Four directors are to be elected at the Meeting, each for a term expiring at the fourth annual general meeting of Shareholders after the Meeting (expected to be in 1999). Of the 10 incumbent directors continuing as directors through and after the Meeting, the terms of office of 3 of such directors expire at each of the annual general meetings expected to be held in 1996 and 1998 and the terms of office of 4 of such directors expire at the annual general meeting expected to be held in 1997. Robert W. Garnett resigned as a director on March 15, 1995. In order to fill the casual vacancy thereby arising, Paul Wagler was appointed as a director by the directors on March 29, 1995.

The following table and the notes thereto state the names of all the persons continuing as directors through and after the Meeting and proposed to be nominated for election as directors, the municipalities and countries in which they are presently resident, their ages, all positions and offices with the Company now held by them, their principal occupations or employment within the five preceding years and the dates upon which they became directors of the Company. Each of the continuing directors and proposed nominees whose name is set forth below has consented in writing to act as a director of the Company.

Note: The continuing directors are listed below in alphabetical order.

Name, Municipality and Country of Present Residence	Age as at March 29, 1995	Office Held	Principal Occupation if Different from Office Held (1)(2)	Date Became Director of the Company/Date of Expiry of Term (3)
REVEREND KENNETH SIDNEY BAGNELL .... Toronto, Ontario Canada	60	Director	Author and Clergyman	May 18, 1989/ Annual General Meeting in 1997
DR. EARL ALAN GROLLMAN .... Belmont, Massachusetts U.S.A.	60	Director	Author and Lecturer	June 16, 1986/ Annual General Meeting in 1997
TIMOTHY ROBERT HOGENKAMP .... Cincinnati, Ohio U.S.A.	49	President and Chief Operating Officer and Director		March 30, 1989/ Annual General Meeting in 1996
SENATOR HAROLD EVERETT HUGHES........ Glendale, Arizona U.S.A.	73	Director	Chief Executive Officer and Chairman of the Board, Harold Hughes Centers; Chairman of the Board, Society of Americans for Recovery, Inc. (4)	May 28, 1992/ Annual General Meeting in 1998

Name, Municipality and Country of Present Residence	Age as at March 29, 1995	Office Held	Principal Occupation if Different from Office Held (1)(2)	Date Became Director of the Company/Date of Expiry of Term (3)
PETER STEWART HYNDMAN .... Vancouver, British Columbia Canada	53	Vice-President, Law and Corporate Secretary and Director		June 16, 1986/ Annual General Meeting in 1998
CHARLES BARNARD LOEWEN .... Toronto, Ontario Canada	62	Director	Vice Chairman, Loewen, Ondaatje, McCutcheon Limited (investment dealer)	May 24, 1990/ Annual General Meeting in 1997
RAYMOND LOEWEN LOEWEN .... Burnaby, British Columbia Canada	54	Chairman of the Board and Chief Executive Officer and Director		December 27, 1985/ Annual General Meeting in 1996
ROBERT BRUCE LUNDGREN .... Langley, British Columbia Canada	50	Director	Retired	June 16, 1986/ Annual General Meeting in 1996
JAMES DUDLEY MCLENNAN .... Park Ridge, Illinois U.S.A.	58	Director	President, McLennan Company (realty company)	June 1, 1993/ Annual General Meeting in 1998
ALEXANDER MICHAEL BRUCE WATSON .... Richwood, Kentucky U.S.A.	47	Executive Vice-President and Director		December 3, 1993/ Annual General Meeting in 1997

Note: The nominees are listed below in alphabetical order.

ALBERT SHULER LINEBERRY, SR. .... Greensboro, North Carolina U.S.A.	76	Director	Chairman of the Board, Gaines Corporation (property development company)	May 9, 1991/ Annual General Meeting in 1995
ERNEST GLENN PENNER .. Steinbach, Manitoba Canada	58	Director	President, Penn-Co Construction Ltd. (property development company)	February 26, 1987/ Annual General Meeting in 1995

Name, Municipality and Country of Present Residence	Age as at March 29, 1995	Office Held	Principal Occupation if Different from Office Held (1)(2)	Date Became Director of the Company/Date of Expiry of Term (3)
THE RIGHT HONOURABLE JOHN NAPIER TURNER, P.C., Q.C. .... Toronto, Ontario Canada	65	Director	Partner, Miller Thomson, Barristers and Solicitors	June 1, 1992/ Annual General Meeting in 1995
PAUL WAGLER .... Vancouver, British Columbia Canada	48	Senior Vice-President, Finance and Chief Financial Officer and Director		March 29, 1995/ Annual General Meeting in 1995

(1) All the continuing directors of the Company and the proposed nominees have held their present principal occupations noted opposite their respective names throughout the last five years with the following exceptions: Timothy R. Hogenkamp, who prior to September 15, 1993 was Senior Vice-President, Operations of the Company, prior to March 23, 1993 was Vice-President, Operations of the Company and prior to October 1990 was Senior Vice-President, Operations of the Company; Senator Harold E. Hughes, who prior to August 14, 1994 was Chief Executive Officer, President and Chairman of the Board, Society of Americans for Recovery, Inc., Des Moines, Iowa; Peter S. Hyndman, who prior to March 22, 1995 was Corporate Secretary of the Company and prior to November 1, 1994 was the Senior Vice-President, Law and General Counsel and Corporate Secretary of the Company; Charles B. Loewen, who prior to December 1992 was Chairman and Director of Loewen, Ondaatje, McCutcheon & Company Limited, Toronto, Ontario, Canada (investment dealer) and prior to December 1992 was Director, prior to July 1, 1992 was Chairman and Director, prior to May 15, 1992 was Deputy Chairman and Director, prior to September 11, 1991 was Honourary Chairman and Director, and prior to June 22, 1991 was Chairman and Director of Loewen, Ondaatje, McCutcheon Inc., Toronto, Ontario, Canada (holding company for investment dealers); Raymond L. Loewen, who prior to September 15, 1993 was President and Chief Executive Officer of the Company; Robert B. Lundgren, who prior to September 15, 1993 was Senior Vice-President, Finance and Corporate Development of the Company; A.M. Bruce Watson, who prior to March 22, 1995 was Executive Vice-President, Operations of the Company, prior to January 1, 1995 was Executive Vice-President of the Company, prior to September 15, 1993 was Vice-President, Financial Operations of the Company and prior to June 1, 1993 was a partner of Peat Marwick Thorne, Chartered Accountants, Richmond, British Columbia, Canada; Albert S. Lineberry, Sr., who prior to November 1990 was Chairman of the Board of Hanes Funeral Home, Incorporated, Greensboro, North Carolina (funeral service company) and prior to January 1, 1993 was a Representative in the North Carolina General Assembly; The Right Honourable John N. Turner, P.C., Q.C., who from 1984 to 1993 was the Member of Parliament for Vancouver Quadra; Paul Wagler, who prior to March 20, 1995 was a Senior Vice-President, ABN AMRO Bank Canada, Vancouver, British Columbia, Canada.

(2) The Right Honourable John N. Turner, P.C., Q.C. also serves as a director of Beatrice Foods Inc. (a food producer and processor), Noranda Forest Inc., and McDermott International, Inc. (an energy services company). James D. McLennan also serves as a director of ServiceMaster Limited Partnership (a diversified services company).

(3) All expiry dates in this column contemplate the holding of an annual general meeting in the year in question. It is possible that the annual general meeting date could be extended into a following year and in that case the terms of office would extend to the date of holding the annual general meeting.

(4) Harold Hughes Centers oversee operations of treatment centers for alcohol and drug abuse. Society of Americans for Recovery, Inc. is a non-profit organization providing resources for persons (and their families) in recovery from alcohol and drug abuse.

The Company has a standing Audit Committee and a standing Compensation Committee. The Company does not have an Executive Committee or a Nominating Committee.

The Audit Committee receives and considers the reports of the firm of independent auditors appointed by the Shareholders and approves the consolidated financial statements of the Company. This Committee also oversees the Company's internal auditing and compliance with the Company's environmental policies and environmental laws. The members of this Committee are Messrs. C.B. Loewen (Chair), Lundgren, Turner and Hyndman, three of whom are non-employee directors. The Audit Committee held 7 meetings during 1994.

For particulars of the functions and composition of the Compensation Committee, see EXECUTIVE COMPENSATION — Composition of the Executive Committee and Report on Executive Compensation on pages 13 through 15.

The aggregate average attendance at meetings of the Board of Directors and its committees was 85%. With the exception of The Right Honourable John N. Turner, P.C., Q.C., each director attended at least 75% of the total number of meetings of the Board of Directors and the respective committees on which he served. However, Mr. Turner attended all physical Board meetings in 1994.

Directors of the Company who are not employees ("outside directors") and who do not live in the Greater Vancouver, British Columbia area (and, in the case of meetings in Cincinnati, who do not live in the Cincinnati area) are reimbursed their travel expenses for attending meetings of the board and its committees. In 1994, each outside director earned an annual retainer of Cdn. $25,000. In addition, outside directors earn Cdn. $1,500 for attendance in person at a meeting (board or committee of the board), Cdn. $2,000 per annum for being a member of a committee of the board, and Cdn. $2,000 per annum for chairing a committee of the board, except that Director Charles B. Loewen has a separate arrangement (described below). Pursuant to the 1994 Outside Director Compensation Plan, outside directors may elect to have some or all of their fees paid in Common shares and, in certain circumstances, options to purchase Common shares of the Company. Outside directors also receive a grant of 2,000 options upon initially being elected or appointed to the Board of Directors.

In July 1994, the Company entered into a consulting agreement with Charles B. Loewen and a corporation of which Mr. Loewen is an employee, officer and director (the "C.B. Loewen Agreement"). The term of the C.B. Loewen Agreement is from July 18, 1994 to and including May 31, 1995. Under the terms of the C.B. Loewen Agreement, Mr. Loewen agreed to provide, from time to time, advice on financial planning, financial presentation, audit and other matters relating to compensation, corporate governance and policy, in exchange for a lump-sum payment to be made for such services in each of 1994 and 1995, which lump-sum payment is, in each case, in lieu of certain directors' fees. The 1994 payment was $22,224.

A consultant's contract of Albert S. Lineberry, Sr. with a Subsidiary (the "Lineberry Contract") (which has a term of 5 years commencing November 14, 1990) provides for his appointment as a director of the Company. No salary is paid to Mr. Lineberry under the Lineberry Contract. However, the Lineberry Contract provides for the payment of certain benefits for Mr. Lineberry. During 1994, payments made on behalf of Mr. Lineberry for such benefits totalled $10,827.

Director Dr. Earl A. Grollman, through EAG, Inc. (a corporation owned by Dr. Grollman), was paid $13,500 in 1994 by way of honoraria for speeches.

The Company has retained Loewen, Ondaatje, McCutcheon Limited, an investment dealer of which Charles B. Loewen is Vice-Chairman, to provide advisory services. Loewen, Ondaatje, McCutcheon Limited has periodically provided underwriting services to the Company. Reference is made to INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS on page 21.

The Company has retained Miller Thomson, Barristers and Solicitors, of which The Right Honourable John N. Turner, P.C., Q.C. is a partner, to provide certain legal services.

Based on information furnished by the directors and nominees individually, other than Raymond L. Loewen no director continuing through and after the Meeting and his associates or affiliates and no proposed nominee and his associates or affiliates beneficially owns, directly or indirectly, or exercises control or direction over the shares of the Company carrying 10% or more of the voting rights attaching to the shares of the Company.

As required by the *Company Act* of British Columbia, advance notice of the Meeting was published in the Vancouver Sun newspaper in Vancouver, British Columbia, Canada on March 21, 1995.

EXECUTIVE COMPENSATION

The following table sets forth compensation earned during the last three fiscal years by the Chief Executive Officer, the Company's four most highly compensated executive officers other than the Chief Executive Officer who served as executive officers at the end of 1994 and two of the Company's officers who served as executive officers during 1994, but not at the end of 1994 and who would have been among the Company's five most highly compensated executive officers at the end of 1994 but for the change of office (such seven officers are collectively called "Named Executive Officers"):

Summary Compensation Table

					Long-Term Compensation (1)	
					Awards	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($) (2)	Securities Under Options Granted (#) (3)	All Other Compensation ($)
Raymond L. Loewen Chairman of the Board and Chief Executive Officer	1994	466,794	439,335	—	2,000,000	5,309 (4)
	1993	424,485	227,052	—	250,000	11,408
	1992	336,385	113,490	—	500,000	15,870
Timothy R. Hogenkamp President and Chief Operating Officer	1994	258,750	187,500	—	300,000	59,379 (5)
	1993	192,112	75,730	—	25,000	9,661
	1992	148,786	37,830	—	40,000	3,844
A.M. Bruce Watson Executive Vice-President (6)	1994	214,583	120,000	—	260,000	5,020 (7)
	1993	103,905	34,161	38,577 (8)	58,500	6,878
	1992	n/a	n/a	n/a	n/a	n/a
Robert W. Garnett (9)	1994	167,802	73,223	—	175,000	5,034 (10)
	1993	119,165	26,481	—	18,000	3,575
	1992	17,654	nil	—	24,000	nil
David FitzSimmons Vice-President, Operations	1994	155,000	37,200	—	125,000	3,675 (11)
	1993	139,082	42,554	—	8,500	3,084
	1992	110,618	34,680	—	nil	2,760
George M. Amato Vice-President, Operations, North East Division (12)	1994	190,000	95,000	—	125,000	5,508 (13)
	1993	170,803	58,631	—	nil	1,546
	1992	137,892	nil	—	20,000	2,173
Peter S. Hyndman Vice-President, Law and Corporate Secretary (14)	1994	198,688	nil	—	25,000	2,361 (15)
	1993	188,772	37,901	—	nil	5,107
	1992	166,074	18,915	—	30,000	nil

Notes:

(1) The Company has not granted any Restricted Shares or Restricted Share Units, Stock Appreciation Rights or Long-Term Incentive Plan Payouts.

(2) In accordance with SEC rules, the value of perquisites and other personal benefits, securities or property for each Named Executive Officer that does not exceed the lesser of $50,000 and 10% of the total of the annual salary and bonus is not reported herein.

(3) For the year 1994, the securities are in each case the Common shares of the Company underlying the options and certain purchase rights granted under the 1994 Management Equity Investment Plan, which is described under the heading Long-Term Incentives on pages 14 and 15. Absent extraordinary circumstances, such options and purchase rights do not begin to become exercisable until June, 1999.

(4) Company contribution to the Company's pension plan applicable to Canadian-based senior officers.

(5) Consists of $42,500 (forgiveness of indebtedness), $9,832 (imputed interest on non-interest bearing loan), $5,294 (matching contribution to 401(k) Plan), $1,005 (life insurance premiums paid by the Company) and $748 (reimbursement of excess contribution to the 401(k) Plan).

(Footnotes continue on following page)

(6) A.M. Bruce Watson commenced employment with the Company on June 1, 1993. Mr. Watson served as Executive Vice-President from September 15, 1993 until January 1, 1995 and then as Executive Vice-President, Operations until March 22, 1995. Effective March 22, 1995, he was appointed Executive Vice-President.

(7) Consists of $4,415 (matching contribution to 401(k) Plan), $570 (life insurance premiums paid by the Company), $30 (imputed interest on non-interest bearing loan) and $5 (reimbursement of excess contribution to the 401(k) Plan).

(8) Consists of $33,123 (moving expenses paid by or on behalf of Mr. Watson) and $5,454 (income tax return preparation).

(9) Robert W. Garnett was employed by the Company from November 1, 1992 until March 15, 1995. He most recently served as Executive Vice-President, Finance.

(10) Company contribution to the Company's pension plan applicable to Canadian-based senior officers.

(11) Consists of $3,223 (matching contribution to 401(k) Plan) and $452 (life insurance premiums paid by the Company).

(12) Effective November 1, 1994, George M. Amato became Vice-President, Operations, North East Division and ceased to be Senior Vice-President, Corporate Development.

(13) Consists of $3,924 (matching contribution to 401(k) Plan) and $1,584 (life insurance premiums paid by the Company).

(14) Peter S. Hyndman was Senior Vice-President, Law and General Counsel and Corporate Secretary until November 1, 1994. He served as Corporate Secretary from November 1, 1994 until March 22, 1995. Effective March 22, 1995 he was in addition appointed Vice-President, Law.

(15) Company contribution to the Company's pension plan applicable to Canadian-based senior officers.

The following table sets forth individual grants of stock options by the Company during the last fiscal year to the Named Executive Officers.

Option Grants During the Year Ended December 31, 1994

Name	Number of Securities Underlying Options Granted (#)(1)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($U.S./Security)(2)	Market Value of Securities Underlying Options on the Date of Grant ($U.S./Security)(2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Share Price Appreciation for Option Term	
						5% ($)	10% ($)
Raymond L. Loewen	2,000,000	44.77%	$30.040	$23.875	July 15, 2001	7,388,000	33,746,000
Timothy R. Hogenkamp	300,000	6.72%	$30.040	$23.875	July 15, 2001	1,108,200	5,061,900
A.M. Bruce Watson	260,000	5.82%	$30.040	$23.875	July 15, 2001	960,440	4,386,980
Robert W. Garnett	175,000	3.92%	$30.040	$23.875	July 15, 2001	646,450	2,952,775
David FitzSimmons	125,000	2.80%	$30.040	$23.875	July 15, 2001	461,750	2,109,125
George M. Amato	125,000	2.80%	$30.040	$23.875	July 15, 2001	461,750	2,109,125
Peter S. Hyndman	25,000	0.56%	$30.040	$23.875	July 15, 2001	92,350	421,825

(1) The securities are in each case the Common shares of the Company underlying the options and certain purchase rights granted under the 1994 Management Equity Investment Plan, which is described under the heading Long-Term Incentives on pages 14 and 15. Absent extraordinary circumstances, such options and purchase rights do not begin to become exercisable until June 1999.

(2) The exercise price is 125% of the weighted average trading price of the Common shares for the five consecutive trading days ending April 8, 1994. Such weighted average trading price was U.S.$24.032. The date of grant was June 15, 1994.

The following table sets forth each exercise of options during the last fiscal year by the Named Executive Officers. The Securities Acquired on Exercise are in each case Common shares of the Company. All amounts are expressed to take account of the subdivision of the Common shares of the Company on a 2:1 basis in June 1991.

Aggregated Option Exercises During the Year Ended December 31, 1994 and Fiscal Year-End Option Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Number of Securities Underlying Unexercised Options at December 31, 1994 (#)		Value of Unexercised in-the-Money Options at December 31, 1994($) (1)	
			Exercisable	Unexercisable(2)	Exercisable	Unexercisable
Raymond L. Loewen	nil	nil	310,000	2,540,000	Cdn. $6,212,950	Cdn. $9,037,800
Timothy R. Hogenkamp	nil	nil	21,000	344,000	U.S. $218,375	U.S. $388,500
A.M. Bruce Watson	nil	nil	11,700	306,800	U.S. $81,100	U.S. $324,400
Robert W. Garnett	500	Cdn. $8,813	7,900	203,800	Cdn. $114,538	Cdn. $403,200
David FitzSimmons	7,500	Cdn. $171,563	4,200	131,800	U.S. $13,388 Cdn. $69,375	U.S. $53,550
George M. Amato	nil	nil	32,000	153,000	U.S. $507,440	U.S. $422,460
Peter S. Hyndman	4,000 2,000 8,000 3,000 1,000 10,000	Cdn. $97,600 Cdn. $55,300 Cdn. $205,200 Cdn. $73,950 Cdn. $28,025 Cdn. $274,000	14,000	43,000	Cdn. $295,740	Cdn. $357,600

(1) The closing price of the Common shares of the Company on The Toronto Stock Exchange on December 30, 1994 was Cdn. $36.750. The closing price of the Common shares of the Company on The Nasdaq National Market on December 30, 1994 was U.S. $26.500. These columns set forth the market value less the exercise price.

(2) Includes the Common shares underlying options and certain purchase rights granted pursuant to the 1994 Management Equity Investment Plan, which is described under the heading Long-Term Incentives on pages 14 and 15. These options and purchase rights were not in-the-money as at December 31, 1994.

Pension Benefits

The Company does not have any defined benefit or actuarial pension plans. The Company does have defined contribution pension plans.

The estimated aggregate cost to the Company for the year ended December 31, 1994 of pension benefits under the Company's pension plan applicable to Canadian-based senior officers of the Company was $19,474.

The estimated aggregate cost to the Company for the year ended December 31, 1994 of pension benefits under the Company's pension plan applicable to United States-based senior officers of the Company was $48,020 after annual discrimination testing (that is to say, the testing of the entitlement of higher compensated employees against the entitlement of lower compensated employees). The aggregate sum of $1,347 was paid to 3 United States-based senior officers in 1995 as a result of such testing for 1994; the sums paid represent compensation to such officers and are included in the amounts set out above in the Summary Compensation Table (as to the portions paid to Named Executive Officers) and below under OTHER COMPENSATION INFORMATION: Directors' and Officers' Remuneration.

Employment Contracts

The following Named Executive Officers have written employment agreements with the Company: Timothy R. Hogenkamp, A.M. Bruce Watson, David FitzSimmons, George M. Amato and Peter S. Hyndman. The agreements

outline duties and responsibilities, initial compensation and the basis for compensation review, and related benefits including initial stock option grants.

The agreements do not specify a term of years. The agreements may be terminated by the Company upon 6 months' notice. Save as aforesaid, there is no compensatory plan or arrangement that results or will result from termination of the employment of a Named Executive Officer by the Company. In the case of termination arising from resignation, retirement or a change-in-control, or change in responsibilities following a change-in-control, there is no resulting compensatory plan or arrangement.

Each of the participants in the 1994 Management Equity Investment Plan (including the Named Executive Officers) has entered into an Executive Agreement with the Company or a Subsidiary (the "Executive Agreement"). The Executive Agreement includes certain obligations of a participant with respect to his conduct during his term of employment, and includes a covenant not to compete that is effective for the two years immediately following the date of termination of employment. The Executive Agreement does not include any compensatory provisions.

Composition of the Compensation Committee

The Chairman of the Compensation Committee is Charles B. Loewen, an outside director of the Company. Charles B. Loewen is not related to Raymond L. Loewen or Anne Loewen. Reference is made to ELECTION OF DIRECTORS and INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS for a description of the relationship of Charles B. Loewen to Loewen, Ondaatje, McCutcheon Limited, an investment dealer. The other members of the Compensation Committee for the fiscal year ended December 31, 1994 were Ernest G. Penner and James D. McLennan. The Compensation Committee met 3 times in 1994.

The Right Honourable John N. Turner, P.C., Q.C. was appointed as an additional member of the Compensation Committee for the fiscal year commencing January 1, 1995. All members are outside directors of the Company.

Report on Executive Compensation

The Company's executive compensation program is administered by the Compensation Committee. The Compensation Committee reviews and recommends, for approval by the Board of Directors, the Company's executive compensation policies and the compensation to be paid to the executive officers, with the following exception. Beginning January 1, 1995, any awards made to executive officers pursuant to the Company's stock plans will be made by the Compensation Committee (and approval of the full Board of Directors will not be sought) in order to qualify such awards for an exemption from certain "short-swing" profits liability rules under United States securities laws.

Compensation Philosophy

The Company's executive compensation program is designed to provide incentives for the enhancement of shareholder value, for the successful implementation of the Company's business plan and for continuous improvement in corporate and personal performance. The program is based on a pay-for-performance philosophy and consists of three components: base salary, an annual incentive (bonus) paid in cash and long-term equity based incentives.

The program's overall objectives are:

1. to align the interests of management with those of shareholders;
2. to integrate compensation with the Company's business plan;
3. to attract and retain qualified executives critical to the success of the Company;
4. to provide fair and competitive compensation; and
5. to reward both corporate and individual performance.

Annual and long-term incentives are designed to increase shareholder value. Annual incentives are tied to earnings per share growth and long-term incentives are tied to share price increases. These criteria link a significant portion of executive officer compensation to the long-term performance of the Company.

The Compensation Committee also considers the relationship between aggregate executive remuneration and revenues. The Compensation Committee expects that, as the Company continues to grow, aggregate remuneration for executive officers will increase. However, the Compensation Committee believes that it is appropriate to set levels of executive remuneration such that aggregate executive remuneration, as a percentage of revenues, is stable or decreases as the Company grows. Aggregate executive remuneration as a percentage of revenues was 0.67% for 1994, as compared to 0.70% for 1993.

Base Salary

In general, an executive's base salary is determined by a subjective assessment of his or her responsibilities and sustained performance. In 1993, the Company hired an independent consultant to review the Company's existing compensation structure and to make recommendations on a long-term compensation philosophy for the Company. The consultant provided an extensive report that included compensation information from the Company's principal competitors (Service Corporation International and Stewart Enterprises, Inc.), as well as sixteen public companies that had similar growth objectives. The report also included recommendations for cash compensation levels and for incentives appropriate to a growth company. After considering the recommendations made by the consultant, the Compensation Committee proposed a significant restructuring of the Company's compensation structure for executive officers. The components of the restructuring were implemented in 1993.

In 1994, as the shift of the Company's operating focus to the United States became more pronounced, the Compensation Committee determined it would be appropriate to limit its review of comparable-company compensation information to public, growth-oriented companies identified in the consultant's report whose operations principally are located in the United States ("Comparable Companies"). The Compensation Committee gave particular weight to compensation information relating to Service Corporation International and Stewart Enterprises, Inc., both of which are large, publicly-held funeral services companies with significant United States operations. The Compensation Committee anticipates that, in the near term, it will continue to use this approach in recommending base salary levels for the Company's executive officers. Generally, the Compensation Committee intends to set base salaries at or below the median salaries paid by the Comparable Companies to similarly-positioned executives, and to recommend generous annual cash bonuses when earnings per share targets are met or exceeded.

Annual Incentives

The Company's executive officers are eligible for annual cash bonuses. Annual bonus awards are based on attainment of specified performance levels related to the Company's achievement of targeted net earnings per share. This establishes a strong link between executive compensation and the Company's operating performance.

An individual executive's annual incentive opportunity, expressed as a percentage of base salary, is established at the beginning of a fiscal year. Usually two earnings per share targets are posted. Failure to reach the lower of the targets results in no annual incentive payment. A higher incentive is earned if the higher target is reached. For 1994, the Compensation Committee determined that no bonus would be paid if the increase in fully-diluted earnings per share from 1993 to 1994 were less than 20%, that a bonus would be paid if the increase in fully-diluted earnings per share from 1993 to 1994 were between 20% and 25%, and that a significant bonus would be paid if a higher fully-diluted earnings per share target, namely a 25% increase from 1993 to 1994, were achieved.

Long-Term Incentives

An important objective of long-term incentives is to encourage executive officers to acquire a meaningful ownership interest in the Company over a period of time and as a result focus executive officers' attention on the long-term interests of the Company and its shareholders.

Executive officers participate in the 1994 Management Equity Investment Plan ("MEIP"), which was approved by the Shareholders at the annual general meeting of the Company held on May 16, 1994. The purpose of the MEIP is two-fold: first, to provide a cost-effective financing program for the Company's U.S. Subsidiaries and second, to provide an opportunity for designated key employees to participate in the long-term growth of the Company. The MEIP requires participants (including executive officers) to pay an aggregate of U.S. $6.4 million to a U.S. Subsidiary of the Company in exchange for the right (in either the form of an option or a purchase agreement) to ultimately acquire, upon a further aggregate payment of U.S. $121.3 million, an aggregate of 4.25 million Common shares beginning in 1999. This right is exercisable as to 50% in 1999, 25% in 2000 and 25% in

2001. The effective purchase price for the Common shares was set at U.S. $30.040, which is 25% higher than the weighted average trading price of the Common shares for the 5 consecutive trading days ended April 8, 1994. If a participant does not exercise his right to acquire the Common shares, then his portion of the sum of U.S. $6.4 million paid is refundable to him. Through December 31, 1994, rights relating to an aggregate of 4.09 million Common shares were issued under the MEIP.

Executive officers also are eligible to participate in the Company's Employee Stock Option Plans. In light of the 1994 grants made to executive officers under the MEIP, options granted under the Employee Stock Option Plans during 1994 to executive officers who also participated in the MEIP in 1994 were minimal.

Chief Executive Officer's Compensation

The Chief Executive Officer's base salary for 1994 was determined after reviewing the available base salary information for the chief executive officers of the Comparable Companies. The Compensation Committee determined that, in light of the level of compensation paid to the chief executive officers of the Comparable Companies, and considering the Compensation Committee's subjective evaluation of the Chief Executive Officer's performance, the Chief Executive Officer's salary for 1994 should be increased to $466,794.

The Chief Executive Officer received a bonus of $439,335, reflecting the fact that fully-diluted earnings per share increased 27.6% from 1993 to 1994.

The Chief Executive Officer participates in the MEIP, pursuant to which, in June 1994, he received options to ultimately acquire 500,000 Common shares and purchase agreement rights by which he has the option to ultimately acquire 1.5 million Common shares.

Policy with Respect to Deductibility of Compensation

Section 162(m) of the United States Internal Revenue Code of 1986, as amended (the "Code"), governs the deductibility of discretionary, incentive-based compensation in excess of $1 million paid annually to the Chief Executive Officer and certain other highly-paid executive officers.

Section 162(m) became effective January 1, 1994, but final regulations providing guidance with respect to compliance have not yet been adopted. When final regulations are available, the Compensation Committee will determine whether the Company's incentive-based compensation programs meet the requirements for deductibility. For the programs that do not meet the deductibility requirements, the Compensation Committee will recommend appropriate modifications if it concludes that the value of the tax benefits to be derived from the compensation deduction outweighs the benefit of incentive awards under such programs.

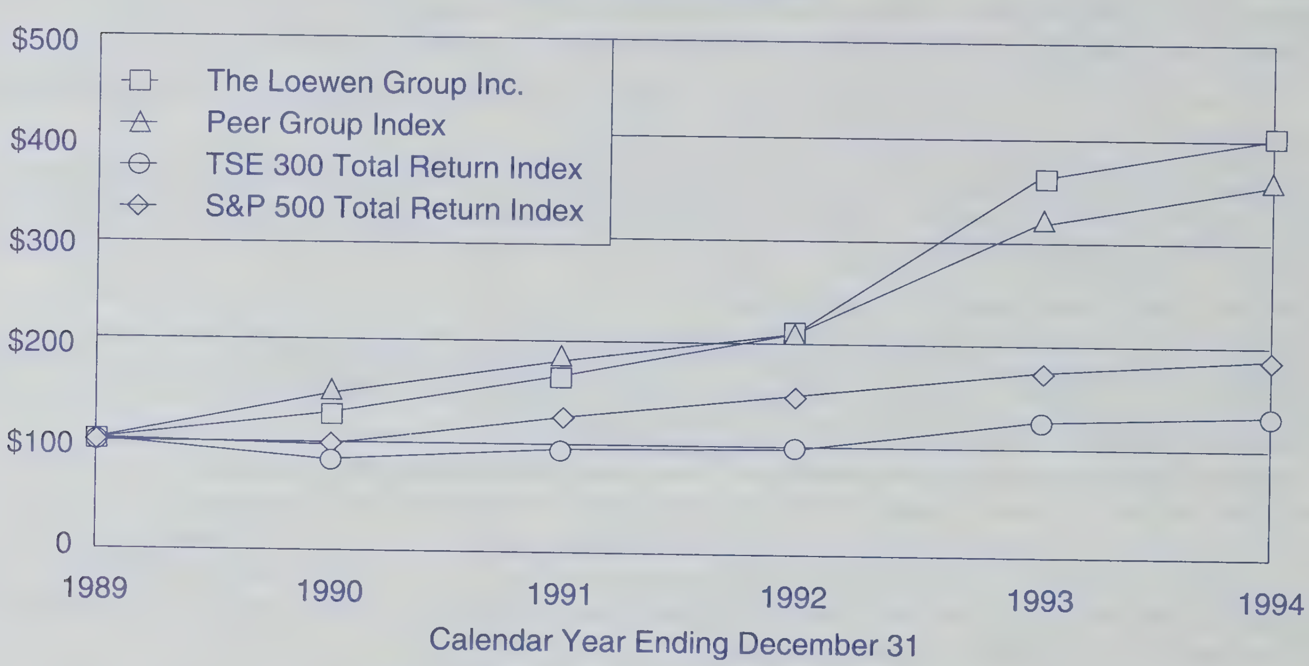
Submitted by the Compensation Committee:

Charles B. Loewen, Chairman
Ernest G. Penner
James D. McLennan

PERFORMANCE GRAPH

The following graph compares the cumulative total Shareholder return on the Common shares of the Company with the cumulative return on the Peer Group Total Return Index, TSE 300 Total Return Index and Standard & Poor's 500 Total Return Index for a five year period. Such cumulative Shareholder return and the Total Return Indices reflect the cumulative return, including dividend reinvestment. The Peer Group Total Return Index is comprised of the cumulative shareholder return on the common stock of Service Corporation International (listed on the New York Stock Exchange) and Stewart Enterprises, Inc. (quoted on The Nasdaq National Market) and the Class A and Class B Shares of Arbor Memorial Services, Inc. (listed on The Toronto Stock Exchange). In 1994, the Company acquired approximately 26% of the aggregate outstanding Class A and Class B Shares of Arbor Memorial Services, Inc.

COMPARISON OF CUMULATIVE TOTAL RETURN
(value of $100 invested)



OTHER COMPENSATION INFORMATION

(The information set forth under the two following subheadings is stipulated for disclosure pursuant to the Company Act *of British Columbia. This includes disclosure with respect to senior officers, which term generally includes executive officers and any vice-president, the secretary, the treasurer, the general manager and any individual who performs functions similar to those normally performed by an individual occupying any of these offices.)*

Directors' and Officers' Remuneration

The aggregate cash compensation paid or payable directly to the Company's directors and senior officers as a group (including the Named Executive Officers) by the Company and its Subsidiaries for services rendered during the Company's fiscal year ended December 31, 1994 was $4,756,859. These amounts include salaries, fees (including directors' fees), commissions and bonuses; bonuses to be paid for services rendered in 1994 (unless such amounts have not been allocated); bonuses paid in 1994 for services rendered in previous years; and all deferred compensation earned in 1994; but excludes compensation paid in 1994 in respect of some other year that was described in a previous information circular. The directors and senior officers as a group earned taxable benefits in 1994 aggregating $185,520 in the form of car allowances, medical insurance, life insurance (taxable benefits portion only), spousal travel and imputed interest on non-interest-bearing loans.

Options

The following table sets forth certain information with respect to (i) options to purchase Common shares, and (ii) options or rights granted pursuant to the 1994 Management Equity Investment Plan to purchase securities ultimately convertible into Common shares, that were granted to directors and senior officers as a group during the fiscal year 1994:

Group	Number of Shares Optioned in 1994	Date of Grant	Exercise Price	Market Value on Date of Grant	Expiration Date	Market Value (Low-High Range) in 30 day Period Preceding Grant
Directors and Senior Officers	2,990	Dec. 29	U.S. $25.741	U.S. $26.000(1)	Dec. 29, 2004	U.S. $23.250-$26.125
	582	Dec. 29	Cdn. $35.599	Cdn. $36.750(1)	Dec. 29, 2004	Cdn. $32.375-$36.500
	10,000	Dec. 22	U.S. $25.375	U.S. $25.375	Dec. 22, 2004	U.S. $23.250-$26.250
	100,000	Dec. 13	U.S. $23.375	U.S. $23.375	Dec. 13, 2004	U.S. $23.125-$26.250
	10,000	Oct. 6	U.S. $23.000	U.S. $23.000	Oct. 6, 2004	U.S. $23.000-$24.375
	5,000	June 27	U.S. $22.156	U.S. $22.156	June 27, 2004	U.S. $22.625-$24.000
	3,875,000(2)	June 15	U.S. $30.040(3)	U.S. $23.875	July 15, 2001	U.S. $22.000-$24.000(4)
	5,000	Feb. 25	U.S. $24.500	U.S. $24.500	Feb. 25, 2004	U.S. $25.125-$26.750

(1) Based on the weighted average price for the five trading days preceding December 29, 1994.

(2) These are Common shares underlying the options and rights granted pursuant to the 1994 Management Equity Investment Plan, which is described under the heading Long-Term Incentives on pages 14 and 15.

(3) The exercise price is 125% of the weighted average trading price for the five consecutive trading days ending April 8, 1994. Such weighted average trading price was U.S. $24.032.

(4) See footnote (3). The range shown is the range for the 30 days preceding June 15, 1994. The range for the 30 days preceding April 8, 1994 was U.S. $24.000-$27.250.

No monetary consideration was received by the Company for the granting of the foregoing, except in the case of the options and certain purchase rights granted pursuant to the 1994 Management Equity Investment Plan, which is described under the heading Long-Term Incentives on pages 14 and 15.

The following table sets forth the options to purchase Common shares exercised by directors and senior officers as a group during the fiscal year 1994 (all amounts are expressed to take account of the subdivision of the Common shares of the Company on a 2:1 basis in June, 1991):

Group	Date of Exercise	Number of Common Shares Purchased	Purchase Price	Market Value less Purchase Price on the Date of Purchase	Market Value (Low-High Range) in 30 day Period Preceding Purchase
Directors and Senior Officers	Dec. 19	500	Cdn. $17.125	Cdn. $ 8,813	Cdn. $32.250-$35.875
	Dec. 5	4,000	Cdn. $ 8.100	Cdn. $ 97,600	Cdn. $32.500-$35.875
	Nov. 18	2,000	Cdn. $ 8.100	Cdn. $ 55,300	Cdn. $31.875-$35.750
	Sept. 6	8,000	Cdn. $ 8.100	Cdn. $205,200	Cdn. $32.625-$34.500
	Aug. 30	4,000	Cdn. $ 7.090	Cdn. $109,640	Cdn. $32.750-$34.500
	Aug. 22	3,000	Cdn. $ 8.100	Cdn. $ 73,950	Cdn. $32.625-$34.500
	June 24	1,300	Cdn. $ 6.425	Cdn. $ 32,435	Cdn. $30.750-$33.000
	June 13	1,000	Cdn. $16.250	Cdn. $ 16,500	Cdn. $30.625-$33.000
	May 31	7,500	Cdn. $ 9.000	Cdn. $171,563	Cdn. $30.625-$33.375
	Mar. 11	1,000	Cdn. $ 8.100	Cdn. $ 28,025	Cdn. $33.250-$36.250
	Mar. 11	8,000	Cdn. $ 9.000	Cdn. $217,000	Cdn. $33.250-$36.250
	Mar. 1	7,500	Cdn. $ 9.790	Cdn. $186,263	Cdn. $33.250-$35.275
	Feb. 24	4,200	Cdn. $11.080	Cdn. $ 95,214	Cdn. $34.000-$35.750
	Jan. 5	10,000	Cdn. $ 8.100	Cdn. $274,000	Cdn. $32.875-$35.500

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

(Certain of the information set forth in this section is stipulated for disclosure pursuant to the Securities Act *of British Columbia.)*

The aggregate indebtedness of all officers, directors, employees and former officers, directors and employees of the Company or any of its Subsidiaries in connection with the purchase of securities of the Company or any of its Subsidiaries to the Company or any of its Subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its Subsidiaries as at March 31, 1995 was $3,492,738.

The following table sets forth guaranteed indebtedness of senior officers pursuant to the 1994 Management Equity Investment Plan approved by the Shareholders at the annual general meeting of the Company held on May 16, 1994.

TABLE OF INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS

Name and Principal Position (in alphabetical order)	Involvement of Issuer or Subsidiary (1)	Largest Amount Outstanding During 1994 (2)	Amount Outstanding as at March 31, 1995 (2)	Financially Assisted Securities Purchased During 1994 (3)
George M. Amato Vice-President, Operations, North East Division	LGII is guarantor	$195,911	$200,233	n/a
Timothy A. Birch Vice-President, Corporate Development & Law	LGII is guarantor	$156,729	$160,187	n/a
Myles S. Cairns Vice-President, Operations Controller	LGII is guarantor	$ 62,539	$ 63,919	n/a
J.C. Carothers, Jr. Vice-President, Operations, Mid-South Division	LGII is guarantor	$ 94,037	$ 96,112	n/a
H. Steven Childress Vice-President, Cemetery and Combination Operations	LGII is guarantor	$117,547	$120,140	n/a
David FitzSimmons Vice-President, Operations	LGII is guarantor	$193,975	$198,254	n/a
Robert W. Garnett (4)	LGII is guarantor	$277,850	$282,850	n/a
Dwight K. Hawes Vice-President, Finance	LGII is guarantor	$ 80,100	$ 80,100	n/a
William V. Hocker Vice-President, Operations Mid-Central Division	LGII is guarantor	$ 94,037	$ 96,112	n/a
Timothy R. Hogenkamp President and Chief Operating Officer	LGII is guarantor	$470,188	$480,560	n/a
Peter S. Hyndman Vice-President, Law and Corporate Secretary	LGII is guarantor	$ 42,550	$ 42,550	n/a

Name and Principal Position (in alphabetical order)	Involvement of Issuer or Subsidiary (1)	Largest Amount Outstanding During 1994 (2)	Amount Outstanding as at March 31, 1995 (2)	Financially Assisted Securities Purchased During 1994 (3)
Kenneth E. Lee, Jr. Vice-President, Combination Funeral Homes	LGII is guarantor	$ 78,365	$ 80,093	n/a
Albert S. Lineberry, Jr. Vice-President, Operations East Central Division	LGII is guarantor	$ 94,037	$ 96,112	n/a
John E. Malletta, Sr. Vice-President, Operations Mountain Division	LGII is guarantor	$ 78,365	$ 80,093	n/a
Peter W. Roberts Vice-President, Financial Information Systems and Corporate Controller	LGII is guarantor	$125,160	$130,160	n/a
F. Duane Schaefer Vice-President, Operations South Central Division	LGII is guarantor	$ 94,037	$ 96,112	n/a
Michael L. Schweer Vice-President, Operations North Central Division	LGII is guarantor	$ 93,108	$ 95,162	n/a
Dillis E.R. Ward Vice-President, Operations Western Division	LGII is guarantor	$ 94,037	$ 96,112	n/a
A.M. Bruce Watson Executive Vice-President	LGII is guarantor	$407,496	$416,485	n/a
Robert O. Wienke Senior Vice-President, Law and General Counsel	LGII is guarantor	n/a	$225,412	n/a
Gary L. Wright Vice-President, Operations South East Division	LGII is guarantor	$ 90,460	$ 92,456	n/a

(1) "LGII" is Loewen Group International, Inc., a wholly-owned subsidiary of the Company incorporated under the laws of Delaware.

(2) In each case, indebtedness is to a third party lender and is guaranteed by LGII. Capitalized interest has been added to the principal amount to the relevant date. The amount of each guarantee is limited to twice the principal amount of the original indebtedness in order to cover capitalized interest. Interest is charged on such indebtedness at the prime rate of the Wachovia Bank of Georgia, N.A. for U.S.-based officers and at the U.S. Base Rate of a Canadian chartered bank for Canadian-based officers. Security has not been provided for such indebtedness.

(3) The indebtedness represents a 5% down payment on an option to acquire exchangeable debentures issued by LGII. Payment of the remaining 95% of the exercise price entitles the optionholder to acquire debentures exchangeable for Series B First Preferred Shares of the Company. The Series B First Preferred Shares are immediately convertible to Common shares. Further particulars appear under the heading Long-Term Incentives on pages 14 and 15.

(4) Mr. Garnett is a former director and officer. He most recently served as Executive Vice-President, Finance.

The aggregate indebtedness of all officers, directors, employees and former officers, directors and employees of the Company or any of its Subsidiaries not entered into in connection with the purchase of the securities of the Company or any of its Subsidiaries to the Company or any of its Subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or similar arrangement or undertaking provided by the Company or any of its Subsidiaries as at March 31, 1995 was $3,645,625.

TABLE OF INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OTHER THAN UNDER SECURITIES PURCHASE PROGRAMS

Name and Principal Position	Involvement of the Company or Subsidiary	Largest Amount Outstanding During 1994	Amount Outstanding as at March 31, 1995
Myles S. Cairns Vice-President, Operations Controller (1)	Company is lender	$ 51,125	$ 52,250
H. Steven Childress Vice-President, Cemetery and Combination Operations (2)	Company is lender	$150,000	$ 150,000
Timothy R. Hogenkamp President and Chief Operating Officer (3)	Company is lender	$270,000	$ 135,000
Loewen Development Corp. (4)	Company is lender	$192,075	$ 192,075
Lawrence Miller President, Cemetery and Combination Division William R. Shane Senior Vice-President and Chief Financial Officer, Cemetery and Combination Division Osiris Investments, L.L.C. (5)	LGII is lender	n/a	$2,952,500
Michael L. Schweer Vice-President, Operations North Central Division (6)	Company is lender	$ 18,800	$ 18,800
Robert O. Wienke Senior Vice-President, Law and General Counsel (7)	LGII is lender	n/a	$ 25,000

(1) Myles S. Cairns, of Crescent Springs, Kentucky, is indebted to the Company for an unsecured demand loan, the funds of which were used for investment purposes. The loan bears interest at 9% from September 30, 1994 and the principal is scheduled to be repaid in two equal installments of $25,000 on March 15, 1996 and March 15, 1997.

(2) H. Steven Childress, of Old Hickory, Tennessee, is indebted to the Company for a non-interest bearing forgivable loan, the funds of which were used for investment purposes. The loan will be forgiven in six annual installments of $25,000 each, commencing May 1, 1995.

(3) Timothy R. Hogenkamp, of Cincinnati, Ohio, is indebted to the Company for two unsecured demand loans, the funds of which were used for investment purposes. No interest is charged on Mr. Hogenkamp's loans. One of such loans, in the principal amount of $170,000, is forgivable in four annual installments of $42,500 each, commencing in 1994.

(4) Loewen Development Corporation of Burnaby, British Columbia, Canada, a wholly owned subsidiary of Loewen Management Corporation, is an associate of Raymond L. and Anne Loewen (the sole shareholders of Loewen Management Corporation). Loewen Development Corporation is indebted to the Company in connection with the consolidation of funeral home operations as part of the initial organization of the Company. The amounts receivable from Loewen Development Corporation are non-interest bearing and there are no set terms of repayment.

(5) Lawrence Miller, of Ivyland, Pennsylvania, William R. Shane, of Cherry Hill, New Jersey and Osiris Investments, L.L.C., a Delaware limited liability company of which Messrs. Miller and Shane are the sole members, are indebted to LGII for a non-interest bearing promissory note, the proceeds of which were used to repay an obligation to and purchase an obligation from Montefiore Cemetery Company Perpetual Care Fund. Messrs. Miller and Shane and Osiris Investments, L.L.C. are jointly and severally liable under the promissory note, which is secured by a deferred payment to be made to them by LGII in connection with LGII's acquisition of Osiris Holding Corporation, a Delaware corporation of which Messrs. Miller and Shane were the majority shareholders prior to such acquisition.

(6) Michael L. Schweer, of Cincinnati, Ohio, is indebted to the Company for an unsecured promissory note, the funds of which were used for investment purposes. No interest is charged on Mr. Schweer's note.

(7) Robert O. Wienke, of Winnetka, Illinois, is indebted to LGII for an unsecured demand promissory note given in connection with the purchase of a home relating to his employment at the Company's Cincinnati office. No interest is charged on Mr. Wienke's note.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

In connection with the public offering of 2,000,000 Common shares by the Company in July, 1994 the firm of Loewen, Ondaatje, McCutcheon Limited of Toronto, Ontario earned a net underwriting fee of approximately Cdn. $391,300. Director Charles B. Loewen was at that time Vice-Chairman and Director of Loewen, Ondaatje, McCutcheon Limited. Charles B. Loewen is not related to Raymond L. Loewen or Anne Loewen.

The Company periodically charters a jet aircraft, a motor vessel and a helicopter for business purposes from companies owned or controlled by Raymond L. Loewen, Chairman of the Board and Chief Executive Officer of the Company. The Board of Directors has approved these arrangements, so long as the rates charged to the Company are competitive. Payments by the Company for all of such charters in 1994 totalled approximately $1,269,000.

In connection with the intended disposal of 7.1 acres of surplus land in Forest Park, Illinois, the Company has entered into a listing agreement with McLennan Commercial Industrial Brokerage Company ("McLennan Brokerage Company"), of which Director James D. McLennan is the President and controlling shareholder. The proceeds of the sale of the property are expected to exceed $2 million, of which 5% will be paid, as fees, to McLennan Brokerage Company.

Reference is made to page 9 for a description of consulting agreements entered into between the Company and Directors Albert S. Lineberry, Sr. and Charles B. Loewen.

APPOINTMENT OF AUDITORS

Peat Marwick were appointed auditors of the Company effective January 3, 1986. The designated persons named in the enclosed form of proxy will vote, unless otherwise directed, for the appointment of KPMG Peat Marwick Thorne, 777 Dunsmuir Street, Vancouver, British Columbia, Canada, V7Y 1K3 (successor to Peat Marwick) as auditors of the Company to hold office until the next annual general meeting of Shareholders and to authorize the directors to fix the remuneration of the auditors so appointed.

INFORMATION AS TO EMPLOYEES

The total number of full-time and part-time employees of the Company and its Subsidiaries as at December 31, 1994 was 7,097. The total remuneration paid in 1994 to full-time and part-time employees of the Company and its Subsidiaries (not including benefits) was approximately $120,100,000. The total remuneration paid in 1993 to full-time and part-time employees of the Company and its Subsidiaries (not including benefits) was approximately $84,905,000.

PARTICULARS OF OTHER MATTERS TO BE VOTED ON

AMENDMENT OF EMPLOYEE STOCK OPTION PLAN (UNITED STATES)

Background

In 1994, the Company restated and amended a number of its compensation plans, including the Employee Stock Option Plan (United States) (the "Plan"), primarily to bring such plans into compliance with a policy adopted by The Toronto Stock Exchange (the "TSE") on March 22, 1994 entitled "Employee Stock Option and Stock Purchase Plans, Options for Services and Related Matters" (the "TSE Policy"). The Montreal Exchange (the "ME") adopted a similar policy at the same time (the "ME Policy"). The Plan, as amended and restated, was approved by Shareholders at the annual general meeting held on May 16, 1994. The Plan may be further amended or terminated, subject to regulatory approval and, where required, approval of Shareholders. The full text of the Plan can be obtained from the Corporate Secretary of the Company at the Company's principal executive office at 4126 Norland Avenue, Burnaby, British Columbia, Canada, V5G 3S8, telephone (604) 299-9321.

Because of the Company's continued significant growth and expansion in the United States, the Board of Directors has determined that it would be prudent to increase the number of Common shares reserved for option grants under the Plan. On April 7, 1995, the Board of Directors unanimously approved an amendment to the Plan to increase the number of Common shares issuable under the Plan from 2,150,000 to 2,750,000, which amendment has been conditionally approved by the TSE and the ME.

Under the TSE Policy and the ME Policy, the amendment must be approved by a simple majority vote of disinterested Shareholders.

Increase in Common Shares

Management believes that providing employees with an opportunity to acquire an equity interest in the Company effectively aligns the interests of those employees and the Shareholders.

Historically, the Company has granted options under the Plan for two important purposes: (i) to selected employees as an incentive component of compensation, and (ii) to certain new employees, who typically join the Company in connection with an acquisition, in order to provide them with an immediate incentive to develop and promote the business and financial success of the Company.

During 1994, the Company acquired 105 funeral homes and 46 cemeteries in the United States. The Company believes that United States acquisitions in 1995 and 1996 will be at or above the level of 1994 United States acquisitions. The Board of Directors believes it would be prudent to increase the number of Common shares available under the Plan to ensure that the Company is in a position to grant options to selected United States employees (including certain employees of newly-acquired locations).

Approval

The amendment to increase the number of Common shares available under the Plan requires the approval of a majority of the votes cast by disinterested Shareholders. The number of votes attaching to the Common shares that will not be counted for the purposes of determining whether the required level of Shareholder approval of the Plan has been obtained is 199,528.

The Board of Directors believes that the Plan is a key component of incentive-based compensation for selected employees and is an important feature of the Company's acquisition program.

THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE AMENDMENT AND RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE AMENDMENT TO INCREASE THE NUMBER OF COMMON SHARES AVAILABLE UNDER THE PLAN.

Certain Additional Plan Information

General

Under the Plan, employees of the Company who are residents of the United States and its territories are eligible to be granted options to purchase Common shares. As of December 31, 1994, approximately 3,200 persons were eligible to participate in the Plan.

The Plan is administered by the Compensation Committee of the Board of Directors. The number of options granted to selected employees is determined by the Compensation Committee. The Compensation Committee also determines certain terms and conditions of options granted.

Option Agreement

Each optionee under the Plan is required to enter into a separate option agreement, which sets forth, among other things, the number of options granted, the specific exercise price and the vesting conditions, within the following parameters: (i) the exercise price of an option may not be less than The Nasdaq National Market closing price of the Common shares on the trading day immediately prior to the grant date; and (ii) in no event may an option terminate later than 10 years after the grant date.

Exercise of Option

An optionee may exercise an option by delivering to the Company a duly completed Notice of Exercise together with full payment, by cash or check, for the Common shares being purchased under the option and any taxes required to be withheld and collected from the optionee.

Allocation of Options in 1994

The potential benefit to be received by an optionee is dependent on increases in the price of the Common shares prior to the exercise of the option. Accordingly, the ultimate dollar value of options is not currently ascertainable. At April 6, 1995, the closing price of the Common shares on The Nasdaq National Market was $27.625.

The following table sets forth certain information with respect to options granted in 1994 to the current executive officers of the Company as a group, and to all employees of the Company as a group, including officers who are not executive officers of the Company. None of the Named Executive Officers identified in the Summary Compensation Table that appears on page 10 was granted options under the Plan in 1994. Directors who are not employees are not eligible to receive options under the Plan.

Group	Range of Exercise Prices	Common Shares Underlying Options
Executive Group	$23.000-$23.375	110,000
Non-Executive Officer Employee Group	$22.094-$27.250	207,970

The options granted in 1994 generally become exercisable in five equal annual increments beginning one year after the grant date.

United States Federal Income Tax Consequences

The following is a summary of the principal anticipated United States federal income tax consequences of the grant and exercise of an option to and by an optionee who is resident in the United States and is not resident in Canada. It is based on the current provisions of the U.S. Internal Revenue Code of 1986, as amended and the rules and regulations thereunder. This discussion is general only and is not a substitute for independent advice from an individual's own tax advisor.

An optionee will not recognize any taxable income at the time an option is granted. Upon exercise of an option, an optionee generally will recognize ordinary income, for United States income tax purposes, equal to the excess, if any, of the then fair market value of the Common shares acquired over the exercise price of the option. Any taxable income recognized in connection with the exercise of an option will be subject to tax withholding by the optionee's employer.

The employer of the optionee generally will be entitled to United States income tax deductions to the extent and in the year that ordinary income is recognized by the optionee in the circumstances described above.

When an optionee sells Common shares acquired pursuant to the exercise of an option, any difference between the sale price and the Optionee's tax basis in the Common shares will be treated as capital gain or loss.

Dividends payable on Common shares out of earnings and profits are ordinary income taxable at ordinary income rates. An optionee may be permitted to credit Canadian withholding taxes against the portion of United States income tax liability attributable to such dividends.

RE-CONFIRMATION OF SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT

Background

The Company has a Shareholder Protection Rights Plan Agreement (the "Rights Plan"), which was adopted by the Board of Directors on April 20, 1990 and confirmed by the Shareholders at the annual general meeting of the Company held on May 24, 1990.

The overall objectives of the Rights Plan are to discourage unfair take-over tactics and to give the Board of Directors time, if appropriate, to pursue alternatives to maximize Shareholder value in the event of an unsolicited take-over bid for the Company. Under the terms of the Rights Plan (as described in more detail below), the Rights will expire on the date of the Meeting unless the Rights Plan is re-confirmed by a majority of the votes cast by Independent Shareholders. The Board of Directors believes it is in the best interest of the Shareholders to re-confirm the Rights Plan.

Summary of the Rights Plan

Under the Rights Plan, one Right was issued for each Common share outstanding at the close of business on May 9, 1990 and one Right is to be issued for each additional Common share issued thereafter but before the Separation Time (as defined in the Rights Plan). By creating the potential for substantial dilution of a bidder's position, the Rights Plan encourages an offeror to proceed by way of a Permitted Bid (as defined) or to approach the Board of Directors with a view to negotiation. The Rights Plan's Permitted Bid provision allows bidders to take bids directly to all Shareholders. The Rights Plan is thus intended to preserve a Shareholder's right to consider such bids on a fully-informed basis.

The dilution is accomplished as follows. Each Right will entitle the registered holder, after the Separation Time (as defined), to purchase from the Company one Common share at the Exercise Price, which was originally Cdn. $90, or its U.S. Dollar Equivalent (as defined), subject to certain anti-dilution adjustments. As a result of the two-for-one split of the Common shares which occurred in 1991, the Exercise Price became Cdn. $45. In addition, if a Flip-in Event (as defined) or a Flip-over Transaction or Event (as defined) occurs, each Right will entitle the registered holder to receive, upon payment of the Exercise Price (or in certain circumstances without charge), Common shares or other equity securities, debt or other assets of the Company or shares of common stock of another person into which the Company has been merged or amalgamated as a result of the Flip-over Transaction or Event having an aggregate value equal to two times the Exercise Price, subject to certain anti-dilution adjustments. The Rights are not exercisable until the Separation Time.

At the time of the adoption of the Rights Plan (April 20, 1990), the Common shares were trading on the TSE at Cdn. $18.750 per share (this was prior to the 2:1 subdivision of the Common shares in 1991). In late 1993, the Board of Directors was informed by a financial adviser that, in view of the current trading price of the Common shares, the Exercise Price would not provide the protection envisaged at the time of the adoption of the Rights Plan. Accordingly, the Board of Directors determined that the Rights Plan should be amended to increase the Exercise Price to Cdn. $125 and on April 7, 1994 made that amendment. This amendment was confirmed by the Shareholders by a majority of votes cast by the Shareholders at the annual general meeting held on May 16, 1994.

On April 7, 1994, the Board of Directors made an unrelated change to the Rights Plan. The Board of Directors was concerned that on the death of a Shareholder, a person could involuntarily become a Beneficial Owner (as defined in the Rights Plan) of the shares. The Board concluded that it would be fair to such person, and consistent with the objectives of the Rights Plan, for such acquisition not to have any adverse consequences under the Rights Plan. Accordingly, the Rights Plan was amended to provide that "Inherited Acquisitions", being "acquisitions of Common Shares or Voting Shares made as a result of the death of the Beneficial Owner of such Common Shares or Voting Shares of the Company" will be treated in the same way as Exempt Acquisitions and Permitted Bid Acquisitions in determining the status of a shareholder as an Acquiring Person, a Grandfathered Person, a Grandfathered Person Transferee and a Grandfathered Bidder (as all those terms are defined in the Rights Plan).

Re-Confirmation of the Rights Plan

The Shareholder Protection Rights Plan Agreement provides that:

> "If neither a Flip-in Event nor a Flip-over Transaction or Event to which section 3.1 or 3.2 is applicable has occurred prior to the 1995 Annual Meeting of Shareholders of the Company and this Agreement is not re-confirmed by resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of confirmation of this Agreement at the 1995 Annual Meeting of Shareholders of the Company, then this Agreement and any then outstanding Rights shall be of no further force and effect, and such Rights shall terminate from the date of the 1995 Annual Meeting of Shareholders of the Company."

To the knowledge of the directors, no Flip-in Event or Flip-over Transaction or Event to which section 3.1 or 3.2 is applicable has occurred. The directors are not aware of any Shareholders who are not Independent Shareholders at the date of this Proxy Statement and Information Circular.

Under the foregoing provision of the Rights Plan, the Rights will expire unless the Rights Plan is re-confirmed by the Shareholders. If the Rights Plan is re-confirmed by the Shareholders, the Rights will expire on April 20, 2000 (absent an amendment approved by the Shareholders). The Board of Directors believes that the overall objectives of the Rights Plan continue to be very important for the Shareholders.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR RE-CONFIRMATION OF THE RIGHTS PLAN AGREEMENT.

The full text of the Rights Plan can be obtained from the Corporate Secretary of the Company at the Company's principal executive office at 4126 Norland Avenue, Burnaby, British Columbia, Canada, V5G 3S8, telephone (604) 299-9321.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

The Shareholders will be asked to approve at the Meeting the amendment of the Employee Stock Option Plan (United States), to increase the number of Common shares issuable thereunder by 600,000 Common shares. The United States-based senior officers of the Company (being officers of the rank of vice-president and above) and their associates have an interest in such Plan because such senior officers are entitled to participate in such Plan in the United States. Accordingly, such persons are precluded from voting their Common shares with respect to this matter. Reference is made to PARTICULARS OF OTHER MATTERS TO BE VOTED ON: AMENDMENT OF THE EMPLOYEE STOCK OPTION PLAN (UNITED STATES).

OTHER MATTERS

To the best of the knowledge, information and belief of the directors, there are no other matters which are to be acted upon at the Meeting. If such matters arise, the form of proxy provides that discretionary authority is conferred on the persons named as proxyholders to vote with respect to such matters.

SHAREHOLDERS' PROPOSALS

To be considered for inclusion in the proxy statement and information circular for the 1996 annual general meeting, proposals of Shareholders must be received by the Company no later than December 11, 1995. Such proposals should be directed to the Corporate Secretary of the Company.

AVAILABLE DOCUMENTS

A copy of the following documents is available on request from the Corporate Secretary of the Company at the Company's principal executive office at 4126 Norland Avenue, Burnaby, British Columbia, Canada, V5G 3S8, telephone (604) 299-9321:

(1) the Company's latest Annual Information Form filed pursuant to Canadian securities laws and policies (the "AIF") together with any document, or the pertinent pages of any document, incorporated therein by reference;

(2) the Company's latest Annual Report on Form 10-K required under the United States Securities Exchange Act of 1934, which Report is similar, but not identical to the AIF;

(3) the comparative financial statements of the Company for the Company's most recently completed fiscal year in respect of which such financial statements have been issued together with the accompanying report of the auditors and any interim financial statements of the Company required by law and issued subsequent to such comparative financial statements;

(4) the information circular of the Company dated as of April 11, 1994 in connection with the annual general meeting held on May 16, 1994;

subject to (i) in the case of persons who are not securities holders of the Company, the payment of a reasonable charge and (ii) in any event, that the Company may require payment of a reasonable charge for exhibits to the Annual Report on Form 10-K.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Proxy Statement and Information Circular have been approved and the mailing thereof to the Shareholders of the Company has been authorized by the Board of Directors of the Company.

DATED at Burnaby, British Columbia, Canada, the 10th day of April, 1995.

By Order of the Board of Directors

Ray Loewen

Raymond L. Loewen,
Chairman of the Board and
Chief Executive Officer

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